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SAN FRANCISCO PORT COMMISSION

Minutes

REGULAR MEETING

April 12, 1978

Board Room

Ferry Building

MAY 10 1978

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Apr. - Dec. 1978

COMMISSIONERS PRESENT:

DOCUMENTS

James J. Rudden, President

Harry Bridges

Richard N. Goldman

Jack Morrison

Alan E. Rothenberg

COMMISSIONERS ABSENT: None

ALSO PRESENT:

Donald Boyd, Sales Manager

Edward L. David, Acting Port Director

Julius E. Herren, Director, Finance & Administration

James E. Huntsman, Secretary

William Lynch, Deputy City Attorney

Anthony J. Taormina, Deputy Port Director

Harry J. Thiemann, Commercial Property Manager

C. L. Vickers, Jr., Chief Engineer

C O N T E N T S

		Page
1.	Call to order	1
2.	Approval of Minutes	1
3.	Executive Office Report	1
	Report on Ferry Building architectural study and appraisal contracts	3
5.	Consent calendar	6
7.	Policy guidelines for Ferry Building/World Trade Center	11
8.	Report on billboards	12
9.	Report on mooring of historic vessels	40
10.	Approval for location of Bay Area Marine Institute on Port property	42
11.	Discussion of lease with Thomas H. Gentry for mooring of ferryboat "Fresno"	46
12.)	Discussion on declaring 20,000 square feet	57
13.)	of Pier 35 and request of North Point Pier to lease same	
14.	Request from URSA to sublet portion of leased premises	87
6.	Mario Ciampi presentation on Ferry Building development	89

P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order, please?

MR. HUNTSMAN: Good morning, Mr. President.

Item No. 2, approval of the minutes, special meeting March 3, 1978 and the regular meeting March 22, 1978. Request your approval.

COMMISSIONER ROTHENBERG: So move.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rotherberg and Rudden - aye.)

MR. HUNTSMAN: Item No. 3, a report by the Port Director from the Executive Office.

MR. DAVID: Mr. President, I would like to suggest that the presentation of Mario Ciampi be put over until the end of the meeting as the last item, rather than as scheduled. That is Item No. 6.

COMMISSIONER MORRISON: So move.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

MR. DAVID: Secondly, I would request that Item 15, consideration of request from F. Alioto Fish Company to sublet a portion of their lease premises, be put over, as the staff material is not available.

COMMISSIONER BRIDGES: So move.

PRESIDENT RUDDEN: Any objection?

MR. DAVID: Mr. Thiemann?

1 MR. THIEMANN: Two weeks.

2 COMMISSIONER GOLDMAN: Mr. Chairman, I thought that
3 that issue had been resolved some months ago.

4 MR. THIEMANN: It has been revived by Mr. Alioto.

5 COMMISSIONER GOLDMAN: What was the action of the
6 Commission at the time?

7 MR. THIEMANN: Mr. Alioto withdrew his application
8 some months back, and has now come back again with the same
9 application.

10 COMMISSIONER GOLDMAN: I would rather that the staff
11 take a good look at it before it is presented to us.

12 MR. THIEMANN: We have taken a good look at it, sir.

13 The reason it is off the agenda is because Mr. Alioto's
14 attorney was supposed to have an amendment acceptable to the
15 staff which we could recommend to the Commission. It was not
16 in that form, and it wasn't brought to us by noon of last
17 Friday, so we want to wait until we have the back-up material.

18 COMMISSIONER GOLDMAN: My concern is that the issue
19 had been talked over at great length, and I thought the with-
20 drawal was due to the fact that it wasn't going to be approved.

21 MR. THIEMANN: There was no vote to approve or dis-
22 approve it, Mr. Commissioner, so --

23 COMMISSIONER GOLDMAN: Because he walked out.

24 MR. THIEMANN: Mr. Alioto withdrew his application.
25 Now he has re-applied.

26 COMMISSIONER GOLDMAN: And you and the staff have
27 approved that. Is that correct, Mr. David?

28 MR. DAVID: No, sir. We have not seen his proposal.

1 MR. THIEMANN: Well, we have seen the proposal.

2 COMMISSIONER GOLDMAN: My point, Mr. Chairman, is
3 that before something like that comes before this Commission
4 it has to be reviewed by the staff, and either approved or
5 disapproved. If it is disapproved it doesn't need to come
6 before us.

7 Now, I just asked a question, and Mr. Thiemann said
8 it was.

9 MR. THIEMANN: I am going to recommend approval of the
10 amendment in the form that I requested Mr. Alioto to prepare
11 it.

12 COMMISSIONER GOLDMAN: It is the staff. It is not
13 you alone. It is the staff under the direction of the Port
14 Director.

15 MR. THIEMANN: We have discussed this at the staff
16 level before it was placed on the agenda. These items are
17 discussed in the staff meeting.

18 COMMISSIONER MORRISON: Mr. President, this will be
19 before us in two weeks.

20 MR. THIEMANN: Yes, sir.

21 COMMISSIONER GOLDMAN: My question is whether it
22 should come before us.

23 PRESIDENT RUDDEN: I think what we are concerned
24 with is that the staff adequately reviews it.

25 COMMISSIONER GOLDMAN: Reviews, but either recommends
26 that it be placed on the agenda or doesn't.

27 MR. DAVID: If I could recommend, Mr. President,
28 rather than just say it will be put over for two weeks, if the

1 staff comes to the conclusion it can support the proposal,
2 then we will have it on the agenda. Otherwise it will not be.

3 COMMISSIONER BRIDGES: That is a good idea.

4 MR. DAVID: I had two other items I would like to
5 discuss. One is that the Port of San Francisco, as well as
6 the Port of Vancouver, British Columbia, have been selected
7 by MAREB and the Canadian National Ports Department for an
8 economic impact study, with no cost to us.

9 The study is going to involve what is the importance
10 of the Port to the local community, in an economic sense, and
11 I think it is a very worthwhile project.

12 COMMISSIONER BRIDGES: I will second that motion.

13 MR. DAVID: There will be no expense.

14 COMMISSIONER BRIDGES: Even if there were some ex-
15 pense.

16 MR. DAVID: I would further like to report that the
17 Northeast Waterfront Study Team have selected the consultant
18 firm of Roma to perform a study of the northeast waterfront,
19 to be completed within the next six months. This is also a
20 federally-funded project.

21 MR. HUNTSMAN: Item No. 4 there is no report at this
22 time from the Bureau Chief, Finance and Administration.

23 Item No. 5, consent calendar.

24 COMMISSIONER ROTHENBERG: Ed, at the last meeting we
25 left you with authority to negotiate two contracts, one on the
26 architectural study for the building, and the other the appraisal.

27 MR. DAVID: Yes, sir. We have negotiated an agree-
28 ment with Charles Hall Page. The original agreement was for

1 a sum of \$22,500. Our negotiated agreement is for \$19,750.

2 In terms of the appraisal, Mr. Thiemann has met with
3 five different appraisers, and he has a recommendation he is
4 going to make to me.

5 COMMISSIONER ROTHENBERG: I just want to make sure
6 we are moving.

7 MR. DAVID: Yes, we are.

8 MR. THIEMANN: This is it. We need approval of that
9 contract.

10 This is a contract which we have negotiated with
11 Questor. They are a relatively new firm in San Francisco, but
12 they are nationwide, with very prestigious membership in their
13 organization. A gentleman by the name of Stephen Roulac will
14 be in charge of the team which will make this appraisal for
15 us, for the sum of \$7,000. It will take a maximum of five
16 weeks.

17 They will appraise the Ferry Building and World
18 Trade Center in one appraisal, and the Agriculture Building
19 in the second appraisal, and give us the benefit of their total
20 organization in making the appraisal. In other words, one man
21 won't be doing this. There will be a team beneath Mr. Roulac.

22 He is greatly enthusiastic about this, and very happy
23 to be able to do a building of this nature.

24 I would like to request your approval of this
25 contract at this time.

26 COMMISSIONER ROTHENBERG: I will move the approval.

27 COMMISSIONER MORRISON: Second.

28 (The motion was carried unanimously: Commissioners

1 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

2 MR. HUNTSMAN: Item No. 5, consent calendar. All
3 matters listed hereunder constitute a consent calendar, and
4 are considered to be routine by the San Francisco Port Commis-
5 sion, and will be acted upon by a single roll-call vote of the
6 Commission. There will be no separate discussion of these
7 items unless a member of the Commission so requests, in which
8 event the matter shall be removed from the consent calendar
9 and considered as a separate item.

10 Item 5.a request approval, Lincenses and Leases 9831
11 through T9837.

12 MR. THIEMANN: May I make a correction on that?
13 The last item, T9837, should be \$100. That was filming for
14 one day.

15 COMMISSIONER GOLDMAN: May I comment about that
16 general subject? I hope that in the future we investigate
17 the use of Port facilities for filming a little more carefully
18 before it causes us trouble. The use of Pier 5, I believe it
19 was, involved exploding some fake charges, I guess, but the
20 thing that troubled me was, the tenor of the program was some
21 sort of arson activity in the Port of San Francisco, and I
22 think we ought to know what the format is before we approve.
23 I don't think it is going to do our Port much good to have
24 this type of thing in films.

25 I hope, Mr. Chairman, that somebody around here will
26 take a good look at what the program is before we approve of
27 any filming..

28 MR. THIEMANN: Mr. Chairman, I would like to comment

1 that we don't have the staff to edit any of these scripts.
2 The Mayor's Office has a young lady. I don't know if she reads
3 them or not, but I will ask her if it is possible for her to
4 do so.

5 COMMISSIONER GOLDMAN: I think somebody could take
6 it home at night and read the script very quickly. I don't
7 think it is that big a deal, and I don't think there are that
8 many films. I think we should do that which is in the best
9 interests of the City, and I think we could find a way of
10 talking a look at any of the films that are utilizing this
11 space.

12 COMMISSIONER MORRISON: Well, Mr. President, person-
13 ally I don't think we should get into the business of prior
14 censorship. If there is some deliberate slight against the
15 Port of San Francisco, then we may have an action against the
16 company, but we should not go out editing scripts before they
17 are produced.

18 COMMISSIONER GOLDMAN: Mr. Morrison, I am not
19 suggesting editing. I am talking about the utilization of our
20 facilities. That's all.

21 PRESIDENT RUDDEN: Well, we are really concerned with
22 how much we get, aren't we?

23 COMMISSIONER ROTHENBERG: Mr. Chairman, on that
24 subject, I think we got three grand, is that right, Harry, when
25 they used Pier 5?

26 MR. THIEMANN: I don't remember the exact amount. It
27 was \$100 a day.

28 COMMISSIONER ROTHENBERG: And we thought that was a

1 great deal, and I notice they paid the Fire Department \$14,000
2 for giving them technical assistance.

3 MR. THIEMANN: But you will remember they had all
4 kinds of pieces of equipment in use.

5 COMMISSIONER ROTHENBERG: But they also paid those
6 firemen, so they not only employed 25 firemen a day, much to
7 the benefit of the firemen, but in addition, the Fire Depart-
8 ment got \$14,000 worth of equipment out of it. I am delighted.
9 I just think maybe we didn't up our ante enough. You might keep
10 that in mind. Plus the PHOENIX was sailing back and forth
11 like a tugboat Queen Mary, during this time when this awkward
12 discussion was going on about whether we needed it.

13 PRESIDENT RUDDEN: Well, let's bear these comments in
14 mind, anyway, and the next time out see if we can benefit our-
15 selves in every way.

16 MR. HUNTSMAN: Continuing with the consent calendar,
17 Item 5.b, request approval of refunds and allowances in the
18 amount of \$69,708.36.

19 Item 5.c, request approval of claim against the Port
20 in the amount of \$250.

21 Item 5.d, request approval for dredging Piers 48-50.

22 Item 5.e, request approval to drydock the Port
23 floating equipment for annual maintenance.

24 Item 5.f, request approval of maintenance, Piers
25 15 to 17, involving sash repair.

26 COMMISSIONER MORRISON: Mr. President, I have a
27 question on b., I guess. Will you explain the refund on North
28 Point Pier?

1 MR. HERREN: Yes, sir.

2 This was a case where we guaranteed North Point Pier
3 the access to the pier on August 3. Pier 35 was not cleaned
4 out as it should have been when he moved in. He wrote two
5 letters to the Rental Department requesting it be done, and
6 he had it done, and he removed it from his rent check.

7 We transferred that cost to Arnold Abbey, that
8 formerly leased that pier, and that is in litigation at the
9 present time.

10 COMMISSIONER MORRISON: You are talking about
11 Pier 39?

12 MR. HERREN: Pier 39, right.

13 MR. THIEMANN: This was done at Mr. Bobier's request.

14 COMMISSIONER ROTHENBERG: So, essentially, we felt
15 that the prior tenant had not left it in suitable condition?

16 MR. HERREN: That is right. It was our responsibility
17 to see that it was cleaned, and we didn't really take care of
18 that.

19 COMMISSIONER ROTHENBERG: And Mr. Simmons cleaned it
20 and sent us the bill at completion, and we are going after
21 the prior tenant? We didn't have a security fund?

22 MR. HERREN: That's right.

23 MR. THIEMANN: Actually, it was going to cost us
24 approximately \$15,000, as I recall, for our people to do it,
25 and we were prepared to go in and do it, but they couldn't
26 wait, so they sent a bulldozer in and ground it up and hauled
27 it to the dump. So we actually saved money by doing it this
28 way.

1 COMMISSIONER ROTHENBERG: Warren can build a breakwater
2 for a third of our cost, and clean up a pier for a third of our
3 cost.

4 COMMISSIONER GOLDMAN: Another question, Mr. Chairman.

5 Item 5.d, I notice we are spending \$96,000 to dredge
6 Piers 48 and 50, and I am wondering how often we will be doing
7 that, and what kind of uses we are getting in those piers out
8 there.

9 MR. DAVID: Pier 48 is under a three-year lease to
10 the Crown Zellerbach Corp. We get high utilization, as we
11 do to Pier 50, which is on a ten-year lease to Crescent Wharf
12 and Warehouse Company. In both cases we have an obligation to
13 maintain 35 feet of water.

14 Chuck, how often do we go in there?

15 MR. VICKERS: I brought a map today just in case the
16 question was asked. We are only doing partial dredging at
17 this time, just parts of the area, and I would suspect that
18 within a year or two we will be back and doing some more
19 dredging in the area. We only do what we need to do at the
20 time.

21 COMMISSIONER GOLDMAN: What would you estimate the
22 annual cost, if you can just project, for dredging those two
23 piers?

24 MR. VICKERS: I couldn't tell you right today.

25 COMMISSIONER GOLDMAN: When was the last time we
26 dredged?

27 MR. VICKERS: Well, these particular areas, I am not
28 sure. That is the question.

1 COMMISSIONER GOLDMAN: Within the last two or three
2 years?

3 MR. VICKERS: Longer than that, probably, for these
4 particular areas, but out at Pier 48 and 50, if I look back on
5 the schedule, we have probably been in there every year, or
6 every year or two, doing little pieces of it.

7 MR. DAVID: Our income off of those two facilities
8 would exceed \$750,000 annually.

9 COMMISSIONER GOLDMAN: I have one other question.
10 I believe we keep the tugboat "Frank G. White" just to fill
11 in for the "Phoenix" when the "Phoenix" is in drydock. Is
12 that correct?

13 MR. VICKERS: No. Our dredging fleet is the dredge,
14 the tugboat and two dump scows. The tugboat is used as part
15 of the dredging fleet.

16 MR. HUNTSMAN: May I have approval on Item 5, all
17 items on the consent calendar?

18 COMMISSIONER MORRISON: So move.

19 COMMISSIONER ROTHENBERG: Second.

20 (The motion was carried unanimously: Commissioners
21 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

22 MR. HUNTSMAN: We go to Item 7, unfinished business.
23 Request adoption of policy guidelines for Ferry Building/World
24 Trade Center, this item continued from the March 8 meeting.

25 COMMISSIONER ROTHENBERG: So move.

26 MR. TAORMINA: Mr. Chairman, members of the Commis-
27 sion, a memorandum has been sent to you from our March 3
28 meeting. At that time we had suggested policy language which

1 we felt the Commission should take some action on. There were
2 some comments made by the Commission at that time.

3 We changed the language, broke the policies down into
4 four. There were previously two. We would ask your approval
5 to establish the suggested policies.

6 COMMISSIONER GOLDMAN: Mr. Chairman, I would like to
7 question only Policy 4. I don't know that it is necessary to
8 have it. I would like to suggest that it be removed. In fact,
9 I don't know why it is there. In Policy 3 we are honoring the
10 current leases, and so far as the future is concerned, I
11 don't know why we should place any developer in the position
12 where he has to make a special effort. Obviously, if a tenant
13 is a good tenant, he is going to want to have him in the
14 building.

15 I would rather suggest we approve the policies with
16 the elimination of Item 4.

17 COMMISSIONER ROTHENBERG: I would second that motion,
18 Mr. Chairman.

19 (The motion was carried unanimously: Commissioners
20 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

21 MR. HUNTSMAN: Item No. 8, report by the staff on
22 billboards. This item is continued from the March 22 meeting.

23 Mr. Thiemann?

24 MR. THIEMANN: We have representatives here from
25 both Eller and Foster & Kleiser, whom I would like to have
26 make their presentation to you.

27 COMMISSIONER GOLDMAN: Before that, I think we ought
28 to know what the issue is before us.

1 MR. THIEMANN: Well, this matter was held over from
2 the March --

3 COMMISSIONER GOLDMAN: Why don't we let someone read
4 exactly what the recommendation of the staff is.

5 COMMISSIONER BRIDGES: The recommendation is to get
6 rid of all billboards in a year or two.

7 COMMISSIONER GOLDMAN: There is a schedule for it,
8 I think.

9 MR. THIEMANN: At the last meeting Item 10 of the
10 agenda was a report by the staff on billboards. Your staff
11 recommends removal by July 1, 1978 of Eller Outdoor Advertising
12 Company painted bulletins on Seawall Lot 319 at the corner of
13 Battery and the Embarcadero, and Foster & Kleiser painted
14 bulletin and poster panel on Seawall Lot 314 at the corner of
15 Bay and the Embarcadero.

16 The staff also recommends removal of all billboards
17 on Port Commission property north of Market Street by December
18 31, 1978.

19 The staff recommends that billboards south of Market
20 Street on Port Commission property be removed no later than
21 June 30, 1983, or when the various seawall lots on which the
22 billboards are constructed are developed for another purpose.

23 Both companies have protested this recommendation.
24 You received a little booklet there from Foster & Kleiser
25 with some back-up material, and I was given a letter yesterday
26 afternoon, which you received this morning, by Eller.

27 COMMISSIONER GOLDMAN: I would like to move the
28 approval of the recommendation of the staff on this issue

1 before us.

2 COMMISSIONER ROTHENBERG: I'll second it.

3 COMMISSIONER BRIDGES: That is to approve the whole
4 recommendation? That means we are finished with billboards in
5 a year or two.

6 COMMISSIONER ROTHENBERG: Just north of the Ferry
7 Building.

8 COMMISSIONER BRIDGES: I thought it was north and south.

9 PRESIDENT RUDDEN: We have representatives here who
10 would like to --

11 MR. ALBERT J. REID: Mr. President, my name is Al
12 Reid, representing Foster & Kleiser Company. With your per-
13 mission, I would like to have Mr. Paul Huff, representing
14 Foster & Kleiser as our counsel, make a presentation.

15 MR. PAUL M. HUFF: Mr. President, members of the
16 Commission, my name is Paul Huff. I am an attorney at law,
17 and I represent Foster & Kleiser.

18 I have participated in the preparation of the material
19 which has been submitted to you in the packet by Mr. Reid,
20 and I don't intend to repeat the items that we have set forth
21 in that presentation. We believe it to be meritorious, and
22 are compelled, for a number of reasons, to take the position
23 that we have taken in that statement.

24 I would like to make just one or two brief remarks,
25 if I may, particularly with reference to the Foster & Kleiser
26 bulletin at Seawall Lot 314, I believe, is the location, at
27 Bay and Embarcadero.

28 Until two weeks ago, no one at Foster & Kleiser had

1 any indication that any objection had been made by anyone
2 with reference to the continued use of that location for such a
3 structure, and we know of no reason today why anyone thinks
4 that that structure should be removed. In fact, we know of no
5 reason why any of the structures of Foster & Kleiser should be
6 removed at all, except for the staff recommendation, which we
7 have to submit to you is without reason or foundation.

8 We have a long history of dealing with the Port,
9 which goes back to the early 50's. Foster & Kleiser has sub-
10 stantial investment in its structures and in the properties
11 which it has located not only here but in San Francisco as
12 well, throughout the entire City of San Francisco.

13 We have removed more than 100 structures of our own
14 since the enactment of the 1965 sign ordinance, and to the
15 extent of billboard displays in San Francisco, there are 42
16 percent fewer today than there were ten years ago.

17 San Francisco is the key to the Bay marketing
18 region, and the structures that we have now on locations in
19 San Francisco are essential for its continued operation. The
20 industry must deal with attrition, and it can deal with
21 attrition, but it can't deal with wholesale or large-scale
22 elimination of its structures. It will seriously affect its
23 ability to conduct its business, and will certainly result in
24 the loss of jobs and the loss of property rights, which we
25 believe to be protected both constitutionally and legally.

26 I am not going to labor all of those issues. This is
27 not the forum to do so. I must say that we have initiated
28 some litigation with respect to this question in the past.

1 That was initiated only after very careful deliberation, not
2 only on my part, but by Gibson Dunn & Crutcher, who are the
3 principal legal counsel for Metromedia and Foster & Kleiser.
4 We have done what we did because we felt it necessary to do it.
5 We are not trying to make any threats or observations of any
6 kind, other than to say we must regard our position as necessary
7 to defend.

8 We hope that the staff recommendation will not be
9 adopted with respect to any Foster & Kleiser signs, but we
10 do feel it necessary to observe to you that we must resist
11 this proposal.

12 I hope that the staff recommendation will be rejected,
13 not only because we believe it to be improper but because, with
14 respect to Foster & Kleiser particularly, the relationship
15 between the Port Commission and this firm has been excellent.
16 Foster & Kleiser, at great expense to itself over the years,
17 have provided space, supported Port projects without cost to
18 the Port, and we feel somewhat chagrined to think that all
19 of that is forgotten at this time.

20 Thank you for your consideration, gentlemen. We
21 lost over 30 jobs when we removed structures in San Francisco
22 ten years ago. The loss of these boards, if they are removed,
23 will undoubtedly affect the ability of the company to operate.
24 I am not in a position to tell you how many jobs will be af-
25 fected, because I can't, but we know it will reduce our ability
26 to do business, and we know there will be a loss of jobs.

27 We can see no reason advanced for the removal, other
28 than the distaste expressed by a few. We think that is not a

1 proper foundation for any such action as has been proposed.

2 Thank you.

3 MR. BARRY CHURTON: President Rudden, I am Barry
4 Churton, of the law firm of Cooper, White & Cooper, appearing
5 on behalf of Eller Outdoor Advertising.

6 My colleague, Mr. Huff, has stated the case very
7 eloquently for our codefendant, so I am not going to try to
8 say the same things again.

9 The only thing that I would suggest is that, if you
10 gentlemen are bent on disturbing 25 years of status quo, and
11 ordering down our billboards for no apparent reason, we would
12 make this suggestion to you, and this is pursuant to nego-
13 tiations that were had between members of your staff and my
14 client three or four months ago, that at least, if these
15 boards are to come down, they come down on a fair and equitable
16 basis that allows an amortization period for the recovery of a
17 very significant investment.

18 I, too, prepared a position paper that I hope you
19 gentlemen have had the opportunity to glean this morning, and
20 the particular signs that we are most concerned about on
21 Seawall Lot 319 is a sign of only two years of age, at a cost
22 of \$30,000. To attempt to recover the value of that sign in
23 two years is simply not possible.

24 Two or three months ago I am advised that members
25 of your staff made the suggestion to my people, which they
26 agreed to, that if the signs were to come down, at least there
27 would be a fair period for the recovery of the investment,
28 and I believe that period, particularly with the sign on

1 Seawall Lot 319, was tied to the expiration of the Standard
2 Carwash lease. That is a time left that I am not familiar
3 with personally. It is in the order of two to three years,
4 I think. But we would suggest that.

5 We firmly oppose this precipitous action, which we
6 view as a gross departure from the way that you have done
7 business with the outdoor advertisers for the past 25 years.
8 We see no reason for it.

9 If it is the determination of this Commission that
10 something is to be changed, we suggest that it be done on a
11 fair and equitable basis.

12 Thank you.

13 COMMISSIONER GOLDMAN: Mr. Chairman, unless there
14 are other people to be heard, may I comment?

15 PRESIDENT RUDDEN: There are others.

16 COMMISSIONER GOLDMAN: Oh, there are others who
17 want to speak on behalf of the sign boards?

18 COMMISSIONER MORRISON: Or against them. Let's hear
19 from everybody.

20 PRESIDENT RUDDEN: Mr. Katz wants to speak, and
21 that's about all, I guess.

22 MR. HUNTSMAN: There is another gentleman here.

23 COMMISSIONER BRIDGES: Can I ask a question, one
24 question, first of all, from the previous speaker? Just one
25 question.

26 MR. CHURTON: Yes, sir.

27 COMMISSIONER BRIDGES: Is your position on the
28 number of jobs the same as the gentleman who spoke for Foster

1 & Kleiser?

2 MR. CHURTON: Yes. I agree with Mr. Huff. We can't
3 assign a specific number, and I know you wanted that information
4 from the last hearing, Mr. Bridges.

5 As you know, the business tends to be a unitary
6 concept, and if four signs go down, that doesn't necessarily
7 mean one job is lost, but if four signs go down, times four,
8 in strategic locations, suddenly you have no jobs, because that
9 is the way this business works. You have to have that con-
10 tinuous network of high exposure, and the signs we are talking
11 about are fairly important in that area.

12 Mr. Huff told you there were some 100 signs that
13 came down from Foster & Kleiser. I am advised that my people
14 have taken down 80 signs since the middle 60's. San Francisco
15 is obviously a key to a regional marketing network in our
16 business, and each time you chip away, it hurts.

17 PRESIDENT RUDDEN: Can you give a ball-park figure?

18 MR. DON McNEAR: Mr. President, it really isn't my
19 ball park.

20 I am Don McNear, Eller Outdoor Advertising. As
21 Mr. Churton said, it is very difficult to assign an actual num-
22 ber of jobs per sign. However, I can say that, for our firm,
23 in the last ten years we have lost about 25 employees, 30 em-
24 ployees, and as we keep losing, if we do, keep losing
25 distribution, eventually we wouldn't have to lose more than
26 a third of our signs and we could be just out of business
27 completely.

28 PRESIDENT RUDDEN: How much is left of your

1 investment in that sign?

2 MR. McNEAR: The investment in that sign was
3 \$30,000.

4 COMMISSIONER ROTHENBERG: How much of that reflected
5 the cost of the structure as opposed to the cost of putting it
6 up?

7 MR. McNEAR: Well, I would say the cost of the steel
8 in that was probably about 12 to 13 thousand.

9 COMMISSIONER ROTHENBERG: Couldn't you reuse the
10 structure somewhere else? The thing that concerns me about
11 this \$30,000 figure is, I find it hard to believe it costs
12 more than a few thousand, actually, to install the board. I
13 am just curious, if we asked you to take out that particular
14 facility, that you wouldn't have some residual value, and be
15 using it somewhere else.

16 MR. McNEAR: Well, first of all, it is not so easy
17 to replace a sign. We only build a few of those a year, and
18 if we were going out today in San Francisco to find a replace-
19 ment, I don't think we could find one.

20 COMMISSIONER ROTHENBERG: You mean in terms of a
21 place you would put it in?

22 MR. McNEAR: Well, you would have to find a place
23 that was visible, that had the advertising value, where you
24 could negotiate a lease, where you could get a permit. All
25 those things are the most difficult.

26 COMMISSIONER GOLDMAN: Mr. Chairman, may I comment?
27 I think we can overplay this factor.

28 First of all, I believe that all of those signs were

1 constructed with the understanding that they were on 30-day
2 leases.

3 MR. McNEAR: That is correct, but we have operated,
4 I have dealt with the Port for almost 25 years.

5 COMMISSIONER GOLDMAN: I know, but it is a fact.

6 MR. McNEAR: It is a fact, but it was always with
7 the understanding that we stayed until the property was needed.

8 COMMISSIONER GOLDMAN: Certainly. That is the risk.
9 We all take risks.

10 MR. HUFF: Mr. Goldman, I think that we have to take
11 issue with that statement. There has always been an underlying
12 supposition here, that was understood by everyone, that those
13 structures would not be removed unless change in land use
14 compelled removal, that the 30-day document was simply a matter
15 of form.

16 COMMISSIONER GOLDMAN: Let's talk about that then,
17 and it relates to jobs, too. The reason the issue came up,
18 Mr. Huff, is that there is a compelling desire on the part of
19 this Commission to develop both the properties under its juris-
20 diction and to see that the other properties were developed,
21 and there is a general feeling that the signs may have a deter-
22 ring effect upon that development, and I think that is why the
23 issue came up a year ago, before you gentlemen filed a lawsuit,
24 which has delayed it now for a period of time, so you certainly
25 bought that much time.

26 I might add that, let's put it in perspective, maybe
27 the jobs lost by the development and maintenance of the sign
28 boards is one thing, but hopefully there will be many other

1 jobs which will far overshadow those lost jobs, which will be
2 related to development, and that is what our job is.

3 Our job is to see that there is development in a
4 prudent way to meet the obligation we have.

5 In addition to all that, I think we also must bear
6 in mind that we are talking about a total income of \$12,000
7 a year. I think the Port might find there are more meaningful
8 terms to be gained if some action of this kind is taken.

9 I don't like to see anybody have to give up something,
10 but maybe these are changing times. I think that you have
11 already pointed out that you have reduced your business here
12 by some 42 percent, did you say?

13 MR. HUFF: There are 42 percent fewer structures today
14 than there were ten years ago.

15 COMMISSIONER GOLDMAN: So I think that is some
16 indication of the trend. We are just talking about the same
17 trend.

18 MR. HUFF: No, that is not so. The removal that
19 occurred brought about removal of structures that previously
20 had existed in residential areas.

21 Now, the policy that has developed throughout the
22 State of California, and which the industry, Foster & Kleiser
23 particularly, supports, is that outdoor advertising spaces
24 should be located only in commercial and industrial areas,
25 and we follow that policy. It was voluntary endorsement of the
26 restriction that has brought about the reduction of plant at
27 the loss of jobs.

28 But we can't support any further reduction. We think

1 that we should continue to function in Industrial and commercial
2 zones in the same manner that other businesses do.

3 I know you, Mr. Goldman, and I am not challenging what
4 you say, except I think it is speculation on your part that
5 the location of an outdoor advertising structure is mutually
6 exclusive to other business activities. I don't think it
7 follows, and that is why we have to challenge what is being
8 proposed to you.

9 COMMISSIONER MORRISON: As a matter of fact, Mr. Huff,
10 you have refused to comply with the terms of the 1965 agree-
11 ment, haven't you?

12 MR. HUFF: Well, Mr. Morrison, we are asserting legal
13 rights that are available to us as they are to any other citizen,
14 to challenge legislation that we believe to be improper.

15 We have sought variances from the Board of Permit
16 Appeals of the City and County of San Francisco, and they have
17 granted those variances. It is the City that is challenging
18 its own board, not us.

19 COMMISSIONER MORRISON: Well, Mr. Huff, I remember
20 pretty well the 1965 measure. You talk about understandings.
21 It was clear understanding of the City at that time that bill-
22 boards now in litigation would come down, but now you have
23 found delaying tactics, and you have exerted that kind of
24 attitude from 1965 on.

25 MR. HUFF: I have to disagree with you, Mr. Morrison.
26 I believe your understanding to be incorrect. Mr. Reid, who
27 is here present, was present through all of the preliminaries
28 with respect to the enactment of the 1965 ordinance. His

1 recollection is different than yours. I can only say that we
2 have to disagree upon this matter.

3 MR. ROBERT KATZ: Mr. Chairman, commissioners, I
4 hadn't planned to speak on this, but the President of our
5 organization, Miss Halstead, was unable to come, and asked me
6 to make a short statement.

7 We live in a neighborhood that has all strata of
8 population, and we are well aware of the job situation, and we
9 are not likely recommending anything that involves jobs, either
10 their loss or their reduction.

11 We subscribe, however, to the same kind of thinking
12 that Mr. Goldman just mentioned, and that is the fact that
13 billboards bring a very limited, very limited, number of jobs
14 and income, and that the vast development that is taking place
15 between the Ferry Building and Fisherman's Wharf has a potential
16 for income to the Port and to the City, and jobs, that far,
17 far outstrips anything that a few billboards could bring,
18 either in jobs or money.

19 I understand, for instance, that in Hawaii they have
20 very, very strict regulations about billboards. I haven't
21 checked it out. I just mention this having been told to me.

22 I remember driving through Italy on a freeway where
23 I couldn't see anything, because there were all billboards on
24 both sides of the freeway, warning against car sickness, and
25 recommending a remedy.

26 I think that billboards are overpowering. I think we
27 will hear from other speakers who own business property that it
28 has adversely affected their property, so I think what has to

1 be considered is how many jobs might be lost? We don't know.
2 There are certainly going to be a few. If it is even one,
3 it is worth considering very seriously. But how many jobs could
4 be gained if we create a waterfront that will bring in devel-
5 opers, and will have an asset in views. You know that the
6 views in San Francisco are what determines the value of prop-
7 erty. If you look at the tax rolls, you find the taxes varying
8 wildly according to what view the building has, and I think you
9 will create many more jobs if you have a waterfront free of
10 obstructions.

11 COMMISSIONER BRIDGES: May I ask one question,
12 please? Are you aware of the sounding that was taken by the
13 City last November, just to get an expression of opinion about
14 barring all billboards?

15 MR. KATZ: Are you asking my opinion on it?

16 COMMISSIONER BRIDGES: I am just wondering if you
17 are aware of that, and you know the result of that sounding,
18 I presume?

19 MR. KATZ: I am aware of it, and I am also aware of
20 the fact that this was an extreme proposal of removing all
21 billboards all over San Francisco, whereas this is a very,
22 very small and limited proposal of just a few billboards in
23 the northern part of the waterfront and Bay Street, and then
24 from Bay Street to the Ferry Building.

25 COMMISSIONER BRIDGES: Aren't you in favor of
26 removing all billboards from the Port property?

27 MR. KATZ: Eventually, yes.

28 COMMISSIONER BRIDGES: But the first place you want

1 to remove them is up here in kind of an elitist district, and
2 leave the other area go for a while.

3 MR. KATZ: Commissioner, I don't agree with you about
4 the word elitist. I know a very prominent longshoreman leader
5 who lives there, and I know very many poor people who live
6 there and enjoy it.

7 I don't like to be called an elitist. I don't think
8 I deserve it. I really don't.

9 COMMISSIONER BRIDGES: All right. I am kind of sorry,
10 if that is the way you feel.

11 PRESIDENT RUDDEN: Is there anybody else there who
12 would speak on this? I don't have them down.

13 MR. HUNTSMAN: This gentleman here.

14 PRESIDENT RUDDEN: What is your name?

15 MR. RON KAUFMAN: My name is Ron Kaufman. I am in
16 the real estate business, and I am here representing the owners
17 of approximately three blocks on the north waterfront.

18 I think it is important to keep in mind that the
19 north waterfront is an area that is in fast transition, and it
20 is not a status quo area. What served appropriately in the
21 past is not really appropriate for the future, in my opinion.

22 I think, as these drawings show, the Commission is
23 very concerned with the planned development of the Port
24 properties, because it is the development of those properties
25 for income-producing uses other than maritime in the north
26 waterfront that will produce the income to make the Port
27 profitable.

28 I think we all share the sadness that the maritime

1 uses are declining along the north waterfront, but it is a fact
2 of life, and I think that most professional planners and
3 architects would say that when you have a planned development
4 you don't use billboards, especially large size, at the key
5 visual points of that development.

6 I would like to remind the commissioners that in
7 early 1976 the entire north waterfront was declared a historic
8 district under study by a unit of the City, the Landmarks Board.
9 That means that signs in that entire north waterfront under
10 private ownership are restricted to very small signs, very
11 tasteful, and must be reviewed by committees and boards.

12 Now, right across the street another unit of the
13 City, both independent units, violates the very rules that one
14 unit of the City gave to property owners. I find that very
15 hard to accept.

16 I would like to also say that, because of my intensive
17 activity in the north waterfront, I think I can say with a
18 good degree of accuracy that a majority of the owners, a
19 majority of the people that work in the north waterfront,
20 and neighbors such as Telegraph Hill, are in favor of removing
21 billboards. I think it is clearly a majority of the people.

22 Now, in reference to jobs, I would also echo the
23 feeling that I would feel sad if even one job were lost, but I
24 think you should keep in mind that we are dealing with large,
25 national corporations, corporations that are profitable. The
26 income from those jobs to a great extent does not necessarily
27 reside in San Francisco, and I think in a large corporation
28 where there is change and profitability at the same time, people
can be relocated. It is not necessarily that they have to be

1 thrown on the street.

2 The specific comment on the billboard that is at
3 Battery and Embarcadero, that had been a much smaller billboard.
4 In early 1976 the smaller billboard was taken down and an
5 entirely new structure was put up. Through many of the prior
6 hearings we have been told that that was just a revision or
7 remodeling of the earlier structure, and I point out that that
8 was after the landmarks declaration the huge, huge structure
9 was put up, and this was in early '76.

10 In short, I just believe the time has come when the
11 waterfront should be cleaned up, in conjunction with the idea
12 that other uses are now appropriate, and thousands of other
13 jobs are going to be created in the very area that is cleaned
14 up.

15 Thank you.

16 PRESIDENT RUDDEN: What is your name?

17 MR. ROBERT STAUDER: Robert Stauder. I am a principal
18 and partner of the architectural firm Hellmuth, Obata &
19 Kassabaum, architects and planners. We have been residing with
20 our office in the area for some five years, and we have wit-
21 nessed the beginning of the transition of this area.

22 Frankly, we see this area as an extension of the
23 Financial District. Our business has expended. We have moved
24 recently to One Lombard, which is adjacent to the particular
25 signboard that is in question.

26 Now, frankly, we moved here in good faith, recognizing
27 that the City Planning Commission had recognized this as a
28 changing area into office areas as an extension of the

1 Financial District.

2 We did this in faith that the City is already moving
3 in their controls and their attitudes towards this area, the
4 City Planning Commission specifically, and in good faith that
5 the other commissions of the City would recognize the change in
6 this area, and take the appropriate steps to be compatible with
7 the new development in the area.

8 We are also involved in the design of several large
9 projects in the area, and have been in the past, and I can
10 assure you that the development that is proposed for this
11 area will far enhance the value of the Port property, and it
12 is my personal speculation that in the near years you will not
13 be able to afford having a signboard in this location, that
14 its value will increase substantially for other kinds of
15 development.

16 I would ask that the Commission recognize the changing
17 needs of this area, and take the appropriate action.

18 Thank you.

19 COMMISSIONER BRIDGES: One question, please. Your
20 statement mainly was directed towards the area there at One
21 Lombard. Right?

22 MR. STAUDER: That's true.

23 COMMISSIONER BRIDGES: You are not talking about
24 the recommendation to eliminate all billboards?

25 MR. STAUDER: I have no specific knowledge of that
26 total recommendation.

27 COMMISSIONER ROTHENBERG: Jim, there is a gentleman
28 there.

1 MR. JAMES KELSO: Mr. Chairman, my name is James
2 Kelso. I am the owner of property at Green and Front Streets,
3 and I have owned that property for approximately 18 years.

4 When I bought the property, I had visions, I had
5 belief in the fact that the north waterfront would be developed
6 into a very beneficial part of San Francisco. I have watched
7 this for many years, and I think that time has arrived.

8 I think that the sign, dealing strictly with one
9 sign, Lombard and Battery Streets, is very detrimental to the
10 whole area. I know the property owners in the area, the tenants,
11 and many new tenants in the area, object violently to that
12 sign, and I respectfully request that you, as commissioners,
13 give your encouragement to the development in this area which
14 is taking place at this time.

15 There is a lot more to come. I think it is going to
16 be one of the great areas of San Francisco, for the benefit of
17 all citizens and people who will visit this area.

18 Thank you.

19 PRESIDENT RUDDEN: Anybody else?

20 MR. REID: Mr. President, I have already introduced
21 myself, Al Reid of Foster & Kleiser.

22 Some of the testimony that has been given against
23 taking the billboards down seems to indicate that the matter
24 before you is the proliferation of billboards, and they are
25 going to be building more billboards. I would, if I might,
26 Mr. President, address an answer to Mr. Rothenberg.

27 COMMISSIONER GOLDMAN: Mr. Reid, will you explain
28 that?

1 MR. REID: Well, the matter before you is not that
2 you are going to be building more billboards on the Port of
3 San Francisco, as some of the testimony has indicated,
4 and that billboards alone are going to be stopping these
5 magnificent projects that you are having. That seems to be the
6 thrust of it.

7 If I might, Mr. President, I would like to answer
8 Mr. Rothenberg, so far as our side of Bay and Embarcadero,
9 could you take it out and move it some other place. I per-
10 sonally appeared before the Port Commission some four or five
11 years ago, when that sign was built. That sign was specifically
12 designed with the Port engineers for that location.

13 I can also say that I am, seriously, through all the
14 hearings of the Planning Commission and all the hearings at
15 the Board of Supervisors, I have never heard that particular
16 sign mentioned.

17 Now, we understand that some day that is going to be
18 removed, and we built it with that understanding. I can re-
19 member the Port engineers telling us that. But we do have an
20 expense in it. I just don't see where that sign is stopping
21 the entire Port.

22 I might say in closing, to answer one of the gentlemen,
23 if I were carsick in Italy I would sure like to know that
24 there was a cure somewhere.

25 Thank you.

26 PRESIDENT RUDDEN: Anything else?

27 MR. ROBERT MEYERS: Members of the Commission, I
28 would just like to briefly say that the City Planning

1 Department vigorously supports the staff position to remove
2 the billboards between Market and Bay Streets.

3 I would like to point out that improvements to the
4 Embarcadero are being planned now with the Port staff, city
5 agency staffs, the Mayor's Office and the City Planning Depart-
6 ment to use federal funds to improve the roadway, continue the
7 beautification, start adjacent to the Simmons project, and
8 continue it further south towards the Ferry Building area, and
9 these billboards would not be an appropriate use with that
10 beautification.

11 Thank you.

12 PRESIDENT RUDDEN: Anybody else to speak on this
13 subject?

14 MR. CHURTON: Mr. President, 30 seconds in rebuttal
15 in behalf of Eller.

16 None of the gentlemen speaking in support of the
17 memorandum, I think, touch the issue. We are not concerned
18 about losing signs when the development happens, but the de-
19 velopment is not here yet, so far as we know.

20 I see nothing in that very brief staff report that
21 suggests that we are going to have a park there, or a four-
22 story building, or a shopping complex. When that happens, fine.
23 We go, and we have a record of not complaining when that hap-
24 pens. We lost two signs to the sewer relocation, and three
25 signs to Mr. Simmons' project out here. That is life. That
26 happens.

27 What we object to is the summary removal now, ahead
28 of development, in a situation where we have this large

1 investment, trying to make a decent return on it.

2 COMMISSIONER GOLDMAN: Mr. Chairman, I would just
3 like to comment.

4 I think that you don't encourage development by
5 waiting. I think you have to show some leadership. I think
6 the reason this issue is before us, the reason it has come up
7 in the past, is that we want to encourage this development. I
8 think it is due time that we took action. I would like to
9 call for the question.

10 COMMISSIONER BRIDGES: I want to make a statement
11 here.

12 The discussion here today has been about the sign
13 at the One Lombard area, and I can see some sense to that.

14 But the recommendation we are considering here is to,
15 over a period of time, eliminate all billboards in the whole
16 Port area, and I am against that.

17 Likewise, if keeping some of the signs, including the
18 main area we have been talking about, is going to hamper or
19 prevent the development of the Port, I am certainly in favor
20 of removing those signs.

21 But it seems to me, and I do have in mind what was
22 mentioned here in this before they brought it up here, that
23 we did have an expression -- I was opposed to it at the time --
24 by the people of San Francisco, should we do away with bill-
25 boards, and the answer was no.

26 Let's not kid ourselves. It has been stated here,
27 the idea of removing the signs is because it is a profit to
28 property owners and others. We know that, too, that a good

1 view enhances the value of the property. I live in a small
2 shack out here, and I have a nice view of the City, and I
3 know it costs me more.

4 I would be for the recommendation of the staff with
5 respect to the sign down there at One Lombard. The rest of
6 the recommendation, to remove all signs, to get rid of all
7 signs, and commit ourselves at this time, all signs from Port
8 property in the next two or three years, I am opposed to that.

9 COMMISSIONER ROTHENBERG: Mr. Chairman, could I
10 respond to Mr. Bridges?

11 I think what has somehow gotten fogged up here is
12 how this matter came up, at least during my brief time on
13 this Commission. In December our staff came in to us with a
14 request that we reduce the rent paid by the billboard operators,
15 for the simple reason, as some of the members of the industry
16 stated before, because of the wastewater project and other
17 things, a variety of signs were coming down anyway, and I
18 believe at that time was the first time the members of the
19 Commission realized how minimal the income was off these
20 various signboards north of the Ferry Building. As far as I
21 am concerned, that is the only area we are talking about, and
22 the reason we are talking about the area north of the Ferry
23 Building is, if you take away the one sign you were referring
24 to, One Lombard, that is \$6,000 a year revenue to the Port,
25 and all the other billboards put together north of the Ferry
26 Building only total another \$6,000 in annual income.

27 I think what we are concerned about is, because of
28 Mr. Simmons' movement and all the energy that has been

1 generated around that project and the park project, and all
2 the work that City Planning and all the other agencies are
3 doing in terms of beautifying the northern waterfront, we
4 have a tremendous magnet now to do other things along the
5 waterfront, to the extent we can take advantage of the
6 momentum that exists and finish off the process, and I think
7 what we are trying to do, although I think perhaps it isn't
8 coming across thoroughly, is, we are trying to be fair, in a
9 sense, to the billboard industry by making it very clear to
10 them that we are going to be developing the whole northern
11 waterfront in one manner or another, either with park or
12 structures, over the coming year or two.

13 Historically, they have had a delightful situation,
14 because it always took the Port a decade to move once they
15 decided what they wanted to do. I am hoping to shorten that
16 time span down a little, and I believe that by clearing out
17 this matter once and for all -- and I am more than willing to
18 have the staff work with the signboard owners in terms of the
19 exact time, whether it is one month or two months or six months
20 that we remove these boards -- I just think we have to make it
21 clear we plan to develop this area. City Planning has spent
22 an enormous amount of money, and will continue to spend this
23 money, helping us design these improvements. We have a unique
24 opportunity now to get money from the Federal Government under
25 the Wastewater Management Program to help us rebuild the
26 waterfront into a much more attractive place, physically, and
27 this is the key to it all, and that is why I have been pushing
28 this issue. I think anyone who tries to read anything more

1 into it is deluding himself.

2 PRESIDENT RUDDEN: I think you have hit on a couple
3 of items that disturb me. After all, we have worked with
4 these people over the years --

5 COMMISSIONER ROTHENBERG: I understand that.

6 PRESIDENT RUDDEN: -- and willy-nilly we come up,
7 regardless of the fact that we know that this issue was raised
8 a year or two ago and, because of litigation and other things
9 has been postponed. I think these people have investments
10 which we have an obligation to protect to a degree also, not
11 just say, okay, you knew that this was coming.

12 I think what you said, Alan, with reference to
13 development of the northern waterfront, is getting truer,
14 if I may use that expression, every day, and we are all working
15 towards the same objective.

16 On the other hand, I think that we should sit down
17 with these people and find out what their investments are,
18 and if you are talking about 60 days, that is one thing. Maybe
19 if we talked about the end of the year it would be another
20 matter.

21 COMMISSIONER ROTHENBERG: I have no problem with that
22 at all.

23 PRESIDENT RUDDEN: I only look at it from the
24 standpoint of being fair both ways, not looking back and saying
25 this is what we did yesterday. We know what we are going to
26 do tomorrow, and we know what our objectives are.

27 So I think we should give consideration to the
28 timing of this, and not just, willy-nilly, say, get your

1 billboards down within 60 days.

2 COMMISSIONER ROTHENBERG: Perhaps I was misunderstood.
3 I have asked the staff repeatedly to try and work out some
4 acceptable arrangement with the billboard owners on the
5 northern waterfront billboards, in terms of the timing.

6 The problem has been, the members of the billboard
7 industry recently saw we were concerned about being drawn into
8 a situation where they are voluntarily giving up a variety of
9 signs, some of which have tremendous value to them, because of
10 the economics of some of the newer signs, and I understand.
11 Being in the private sector, I appreciate our need to protect
12 their rights, but I think we have to recognize in this case
13 that we want to do certain things, and we don't want to turn
14 our back on someone that has been very helpful to us in the
15 past, and that is one of the reasons why we are not talking
16 about going any farther south than the Ferry Building, and
17 I would be more than open to some compromise on behalf of our
18 staff in terms of time.

19 If we are talking about three months or six months, or
20 even nine months, I would be open to that. If we are talking
21 about six years, or nine years, some of the proposals I have
22 heard, I don't think that is realistic.

23 COMMISSIONER MORRISON: Well, Mr. President, I
24 understand the staff recommendation that calls for the removal
25 of two billboards by July 1, and that is the billboard at
26 Battery and the Embarcadero, and the billboard at Bay and the
27 Embarcadero.

28 In addition to that, it calls for removal of all

1 billboards north of Market Street by December 31, 1978.

2 Now, we are not saying that those billboards must
3 come down tomorrow or next month, but by the end of the year,
4 and it imposes a five-year period for the billboards south of
5 Market Street on Port properties.

6 Mr. President, I am satisfied with that staff
7 recommendation. I think there is no doubt that these boards
8 have a blighting effect on the waterfront, that they do impede
9 high-quality development on Port property.

10 I think the \$12,000 a year we are getting from those
11 billboards north of Market will come back to us many times
12 over in the superior development that their removal will
13 encourage.

14 I move, Mr. President, that we support the staff
15 recommendation, and I would ask for a roll-call vote.

16 COMMISSIONER ROTHENBERG: Mr. Chairman, might I
17 suggest, I don't know what Commissioner Morrison's thoughts
18 might be, but if you feel we are being unduly capricious,
19 I would be willing to ask the staff to amend their motion
20 where we would see to it that all the billboards would be
21 removed by the end of the year, instead of making the two most
22 expensive structures come down first, if you feel that would
23 be in the interest of fairness.

24 PRESIDENT RUDDEN: From what I can understand, there
25 is an investment in these two billboards. Now, if this is
26 untrue, then I misunderstood what I was told. But I do think,
27 on timing, I would have no objection to December 31, as a
28 time maximum.

1 COMMISSIONER GOLDMAN: Mr. Chairman, may I comment?

2 I think the staff has given a lot of thought to this.
3 I might add a comment of Mr. Rothernberg's. We went through
4 this whole exercise a year ago. We knew what kind of income
5 we were getting then, and the reason the matter has been
6 delayed a year is because of legal action instituted by the
7 billboard companies.

8 I think we have to show confidence in our staff.
9 Having studied this in a meaningful way, they come up with a
10 plan that seems to be a reasonable one. I think we should
11 accept their good judgment, and I would like to move on the
12 motion as presented to us.

13 PRESIDENT RUDDEN: Does anybody second the motion?

14 COMMISSIONER GOLDMAN: It has already been seconded
15 a long time ago. It is only a question of calling the roll.

16 COMMISSIONER ROTHENBERG: My suggestion, Mr. Rudden,
17 was simply that I don't know the extent, if our tenants disagree
18 with us, they can hinder our actions by litigation, and my
19 only concern was, if we could remove that nuisance by moving
20 it forward and making them all come due at the end of the year
21 I would be more than willing to do that rather than wasting a
22 lot of our other money awaiting our day in court.

23 COMMISSIONER GOLDMAN: You are talking about six
24 months.

25 COMMISSIONER ROTHENBERG: My point was, if that
26 would make the billboard operators more willing to accept that,
27 I would be willing to do it. If it doesn't have that desired
28 effect, then it doesn't matter at all.

1 COMMISSIONER BRIDGES: My objection, Mr. Chairman,
2 I didn't object to the removal of all the billboards there
3 on the northern waterfront, and I certainly don't object to
4 the removal of all billboards if the purpose of their removal
5 is so we can proceed with more profitable development. But
6 the broad recommendation of the committee includes the southern
7 waterfront. All the discussion has been on the northern
8 waterfront. Of course, even on the southern waterfront, if it
9 is going to hamper the development of the waterfront down
10 there, I am for removing all the billboards down there, too.

11 But it seems to me the main emphasis, north and
12 south, I can recognize it north, where we are having a new
13 development, and the view is very important. But I am just
14 wondering if the purpose of the recommendation over a period
15 of five years to remove all billboards on the southern waterfront
16 is to get them out of the way for further development, that is
17 one thing. If the idea is again the view, the main thing is
18 the view, I am objecting.

19 COMMISSIONER GOLDMAN: I call for the question.

20 PRESIDENT RUDDEN: We have a motion before us to
21 accept what the staff has recommended.

22 COMMISSIONER GOLDMAN: You have to have a roll call.

23 MR. HUNTSMAN: Do you wish a roll-call vote?

24 PRESIDENT RUDDEN: Yes.

25 (The motion was carried by a vote of three to two:
26 Commissioners Goldman, Morrison and Rothenberg - aye;
27 Commissioners Bridges and Rudden - no.)

28 MR. HUNTSMAN: The next item is Item No. 9, a report

1 on mooring of historic vessels. Mr. Thiemann.

2 MR. DAVID: Mr. President, at your last regular
3 meeting Commissioner Morrison expressed some concern on the
4 motion of BCDC, where they turned down the permit for the
5 "Santa Rosa", and asked that this item be put on the agenda
6 for this meeting so the principals for the "Santa Rosa" could
7 make a report. Mr. David Kuxmiller is here.

8 MR. LEE HECHT: My name is Lee Hecht, Kanyon Studios.
9 We are the sponsor of the project.

10 As you are aware, BCDC did turn down our application
11 to moor the vessel at Pier 1. The vote was 12 votes for it
12 and 5 votes against it.

13 We intend to resubmit after the 90-day required
14 waiting period.

15 The staff of BCDC did recommend approval. They will
16 recommend approval again under the same terms and conditions,
17 and we have every reason to believe, at this point, that it
18 will pass at the next meeting, and we will be given the permit.

19 COMMISSIONER MORRISON: So you are perfectly con-
20 fident that this is the case?

21 MR. HECHT: I believe so, yes. We continue to spend
22 money on the project, and that is evidence to me that we are
23 confident, so we do believe that will pass next time.

24 MR. ROBERT MEYER: I have one quick question. Is
25 this for the one-year interim permit?

26 MR. HECHT: I think that is what you call it, right.
27 It was for a one-year permit, renewable under various con-
28 ditions, with step-by-step action as opposed to public hearing.

1 COMMISSIONER BRIDGES: Any action required?

2 MR. DAVID: No, sir.

3 MR. HUNTSMAN: Under new business, Item No. 10,
4 request preliminary approval for the location of the Bay Area
5 Marine Institute on Port property. Mr. Taormina.

6 MR. TAORMINA: Mr. Chairman, members of the Commission,
7 the staff has presented this item to you today, requesting
8 your preliminary approval. If we receive your preliminary
9 approval today, at our next meeting we will be presenting,
10 the Rental Department and Engineering and the Port Executive
11 Department will be working with the Marine Institute in pre-
12 paring a one-year lease, which will come back to you for your
13 approval.

14 We felt, because of the uniqueness of this project,
15 and the fact that it is a new type of use to the Port, that we
16 should come to you first to get your approval of the concept.

17 The Bay Area Marine Institute is a nonprofit
18 California corporation which was formed in 1976 to provide
19 educational and vocational training opportunities to youth
20 wishing to pursue careers within the maritime employment
21 market.

22 The program focuses on education and training of
23 jobs in the recreation marine and small craft field, and also
24 will provide community and public service to the City within
25 the marine environment.

26 The program has been around. We reviewed it with
27 some of the principals. It has its merits. It hasn't come to
28 you prior to this because they have been seeking funding. We

1 have been informed that they have received interest of funding
2 from the Mayor's Office of Employment Development, and for
3 that reason, they will be able to get money to operate their
4 institute, that they have come before us to get a lease for the
5 one-year period.

6 We chose the one-year period basically because that
7 will be the cycle of funding which will be coming through the
8 Mayor's Office of Employment Development.

9 The Institute itself will basically educate and
10 train youths and adults in the fields of diesel mechanics,
11 coastal piloting and navigation, radio communication and
12 electronics, and water craft construction and repair.

13 They have demonstrated, and have talked with many
14 of the federal and state agencies, that there is a critical
15 need for this vocational training.

16 Now, we have looked currently at two possible sites
17 for the Marine Institute. One of the sites is at Pier 66,
18 which is the old Triple A yard, which is again part of our
19 development plan with the marina that we are still reviewing
20 at the staff level, but in discussing this matter with
21 Mr. Thiemann and myself and Mr. David, we felt that in the
22 one-year period this would still be able to be a compatible
23 use because there is a structure there, and it would not
24 interfere with the development if indeed that took place.

25 A secondary site is the old Ableship yard, which
26 is Seawall Lot 345, and we have had an inspection of that
27 area, which would be basically a combination of open area,
28 administration and classrooms.

1 Now, we have Mr. Jerry Levine, from the Mayor's
2 Office of Employment, to basically tell you the basis of the
3 grant application, and why their department has decided to fund
4 it, and then Mr. Tay Vaughan, who is part of the Marine
5 Institute, to give you another general background.

6 Mr. Levine?

7 MR. JERRY LEVINE: My name is Jerry Levine, and I
8 represent the Mayor's Office of Employment and Training.

9 On a positive note here, we will be considering the
10 development of approximately 96 jobs under this program. I
11 think Tony mentioned the areas of training that we will be
12 getting into.

13 The Bay Area Marine Institute has submitted a
14 proposal to the Office of Employment and Training. We are
15 very interested in the proposal. It is in its last stages of
16 development, and we will be submitting the proposal to the
17 Department of Labor, hopefully for approval within the next
18 three to four weeks. That is our timetable at this point.

19 The only real concern we have, of course, is getting
20 adequate and compatible space for the Institute. We have
21 talked with Tony, and feel that the potential space that is
22 available will be compatible, and we are basically coming to
23 you at this time for an agreement in principle to go ahead and
24 submit the proposal to the Department of Labor, and of course
25 we will come back to you after we have negotiated out some
26 arrangements with the staff for your final approval.

27 PRESIDENT RUDDEN: Thank you.

28 MR. TAORMINA: Mr. Tay Vaughan , who is with the

1 Bay Area Marine Institute.

2 MR. TAY VAUGHAN: My name is Tay Vaughan,
3 and I am the Director of the Bay Area Marine Institute. Our
4 program is about two years old. We spent the last year very
5 carefully examining the job market in the recreational marine
6 and small craft industries. It is \$6.5 billion-a-year industry
7 across the United States, and it is an industry which has at
8 this time very little organizational training.

9 We are part of a national project which is supported
10 by the National Recreational Marine Industries, the National
11 Association of Engine and Boat Manufacturers, the Boating
12 Industry Association and the Marine Retailers Association of
13 America.

14 The national task force, which has been structured
15 at a national level to develop, over the next two to three
16 years, a framework for training in this industry which, as I
17 say, has no framework existing now, is working very closely
18 with the Bay Area Marine Institute.

19 In a sense, we are establishing a regional pilot
20 program to provide jobs. The outreach of the program, we
21 expect, will be into many areas in San Francisco, both in
22 recruitment for training as well as in placement of the jobs
23 upon the completion of our six-month training program.

24 I don't want to take a great deal of your time. If
25 anyone is interested in more information, I would be glad to
26 give it to them in terms of the curriculum and in terms of
27 the financial operation of the Institute.

28 We are seeking to do this on the San Francisco

1 waterfront. We feel that it is a very appropriate maritime
2 use, and we would ask that you support the staff recommendation.

3 COMMISSIONER MORRISON: Mr. President, I move that
4 the Commission support in principle the location of the
5 Institute on Port property, and that the staff be authorized
6 and directed to work out a precise, appropriate location with
7 the Mayor's Office and with the Institute.

8 COMMISSIONER BRIDGES: Second the motion.

9 (The motion was carried unanimously: Commissioners
10 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

11 MR. HUNTSMAN: Item No. 11, request approval of
12 lease with Thomas H. Gentry for the mooring of the ferryboat
13 "Fresno" at Pier 1. Mr. Thiemann.

14 MR. THIEMANN: The Commission, at a meeting last
15 year, preliminarily approved the lease for berthing the ferry-
16 boat "Fresno" at Pier 1. I said in my back-up material that
17 a lease form would be available today. Unfortunately,
18 Mr. Lynch was tied up with the Pacific Far East Lines case, and
19 this morning his wife presented him with a baby girl.

20 PRESIDENT RUDDEN: I understand that is a very
21 special announcement, and also that it is 11-3/4 pounds.

22 MR. LYNCH: Eight pounds. You apparently don't have
23 a good source.

24 PRESIDENT RUDDEN: I was only kidding. But con-
25 gratulations, Bill, and good luck to you and your wife.

26 MR. LYNCH: Thank you.

27 MR. THIEMANN: I gave you the outline of the terms
28 of the lease, which will be in final form as soon as possible.

1 There is some discussion with regard to whether or
2 not we can execute this lease until such time as a negative
3 EIR has been developed, so what we are asking today, what the
4 staff is asking, is approval of the lease, with the lease to
5 be executed when we have the EIR, a negative EIR, has been
6 developed.

7 COMMISSIONER ROTHENBERG: Mr. Chairman, could we
8 just postpone this until next meeting? By then maybe we
9 could have gotten the lease.

10 COMMISSIONER GOLDMAN: May I also comment? In
11 postponing this, I think we must bear in mind that there is a
12 Northeast Waterfront Development Plan that is being pursued,
13 which was announced today, and my only concern is how that
14 plan will relate to the placement of the various historic
15 ships in an area which I believe is designated for that
16 purpose, so I hope that in the staff's collecting its data
17 it is mindful that there is this several-hundred-thousand-
18 dollar study under way, which takes into consideration, I
19 believe, that among other things. Is that correct, Mr. Meyers?

20 MR. MEYERS: The Northeastern Waterfront Survey in
21 which the Port is actively involved, including two of the
22 commissioners on its advisory committee, will be working with
23 the consultant to find just which locations are best for
24 historic ships and the best development of Piers 1 and 3 for
25 the Port.

26 The Planning Department's position is that, while
27 we enthusiastically support the mooring of historic vessels
28 at Piers 1 and 3, the Planning Department will not recommend

1 to its Commission approval of the Planning Commission's
2 permits until the total design plan is completed. The total
3 design plan is the plan that is required by the BCDC for
4 permits in that area, and it should be finished by the end of
5 the year.

6 In our conversations with the applicant, we assured
7 him that we support his proposal. It is just that we cannot
8 support a specific location, down to inches and feet, at this
9 time.

10 We would like to be working with him and get his
11 requirements and his needs, so that the planning can go
12 forward in a comprehensive way if he can assist us in locating
13 the vessel.

14 MR. JAMES HEALY: My name is James Healy. I am the
15 Project Director for the ferryboat "Fresno".

16 I came loaded, and I would like to unload a little
17 bit.

18 COMMISSIONER GOLDMAN: Loaded?

19 MR. HEALY: But before proceeding, I would like to
20 introduce Mr. Norman Dyer, the President of Gentry-Pacific.
21 He has come over from Honolulu for this meeting.

22 MR. NORMAN DYER: Not just for this meeting, Jim.
23 Thank you.

24 My name is Norman Dyer, President of Gentry-Pacific.

25 Just a brief summary of our position, and get to
26 the point where we are today in the relationship that the
27 boat has to the Port.

28 I want to comment and mention the fact that the

1 staff has shown complete cooperation in our problems, you might
2 say, in developing this vessel in its appropriate use to where
3 it can fit the overall objectives of the public, and one of
4 the key elements which keeps coming back to us, which I believe
5 will continue to surface as far as the Planning Department's
6 report, will be the visibility and the relationship that the
7 boat has to the Ferry Building itself. I think to remove it
8 from that location would be hard to justify at this point,
9 and we would like to see that be part of the program.

10 We think to encourage the public use and add the
11 convenience of this use to this vessel it has to be visible
12 and have the proper relationship, and to dock it somewhere
13 else may not have what we are all trying to achieve.

14 That is all I have to say.

15 COMMISSIONER MORRISON: Mr. President, may I ask
16 Mr. Healy, how do you stand with BCDC?

17 MR. HEALY: Well, my conversations with them have
18 been quite informal, but what I believe is essentially what
19 Mr. Kuxmiller said, or Mr. Kuxmiller's representative, that
20 they essentially are for it, and if in fact they had postponed
21 the vote for two weeks, they would have gotten in.

22 COMMISSIONER MORRISON: Do you have an application?

23 MR. HEALY: No, not yet. Thank you. There are a
24 couple of points I want to make.

25 In asking for approval today, what we are really
26 trying to do is effectively clear the paperwork. I would like
27 to go before the Planning Commission, get a negative declara-
28 tion, come back and get the lease signed, go back to the

1 Planning Commission and get a conditional use permit, go to
2 BCDC, possibly let that permit lie until the total design
3 plan is completed. Once they say, fine, let's go ahead.

4 However, we know that we are not going to put that
5 boat in, or attempt to put that boat in, until that total
6 design plan is complete. It is an expensive proposition, and
7 we feel very strongly, since this is historically a ferryboat
8 basin, that that is an ideal location for that vessel, and
9 I will give as much information in that direction as I possibly
10 can.

11 But we also realize that, no matter what we say, it
12 may change anyway, and the lease is flexible enough so it
13 provides for movement of the boat. It is not nailed to that
14 location. It also is predicated on the fact that we get all
15 of our permits before the lease is actually valid.

16 I think that Bob and I are talking about two
17 different things. I am talking about being prepared to move
18 ahead expeditiously once the total design plan is complete.
19 I am not trying to ramrod anything other than that.

20 I do have an exhibit, if you will allow me to show
21 it to you.

22 Gentlemen, this is Pier 1. This is an abandoned
23 wharf area right in here, and what we want to do is rip out
24 this concrete apron, tear out what would amount to a ferry
25 slip 50 or 60 feet up into the abandoned wharf, and then I
26 have talked to some consultants about providing a safe passage
27 for pedestrians, and we have come up with a solution of taking
28 the pilings, cutting them off, and then driving them up

1 through, putting the cap up through the tarmac, and stringing
2 that, and putting in a safe walkway with bannisters on either
3 side, and hopefully canopy this.

4 For purposes of scale, this is accurate within about
5 half a foot. It will sit in there about like so.

6 I hope that helps you. It gives you an idea. It
7 will bring the boat down to about here.

8 Again, to the point of this being an historic basin,
9 the conventional Sausalito and Tiburon ferries will still be
10 docking here. The new modern ferries will be docking here,
11 and the antique ferries will be here, and they will all be in
12 public use, which I think makes a great deal of sense.

13 COMMISSIONER MORRISON: Mr. President, I am eager to
14 move ahead on both the "Fresno" and the "Santa Rosa". I think
15 this is a great development for the Pier 1 - Pier 3 area.

16 The question of the total design plan comes up again
17 and again, and we have discussed it in the meetings of the
18 Advisory Committee. It seems to me there is no reason why
19 we need wait until the end of the year to have a total design
20 plan for the Pier 1 - Pier 3 area.

21 It seems to me the Advisory Committee, now that it
22 has a consultant, can go ahead immediately with a total design
23 plan for that area, and I am sure we could do it in two months.

24 MR. HEALY: Mr. Meyers has already asked me to sit
25 with him and offer him my opinions and ideas, and I would be
26 delighted to.

27 COMMISSIONER MORRISON: I would suggest that we ask
28 our Advisory Committee to move ahead immediately with a

1 special design plan for the Pier 1 and Pier 3 area.

2 COMMISSIONER GOLDMAN: Just a couple of questions
3 in my mind. I think there is a commitment to these two ferry-
4 boats. The questions in my mind are, number one, which is the
5 most likely of the piers to which they should be moored,
6 whether it be Pier 1 or 3, and the second one is, how many
7 historic boats do we want to put in the area. I think this
8 is part of what this study will include, so I want to be sure
9 that we get the value of this study in evaluating our
10 decision.

11 MR. HEALY: . Can I respond in part?

12 On the southside of 1 there will be no more room for
13 two boats, other than two boats and that is maximum, and I
14 think that is also maximum on the north side.

15 With respect to which pier, it seems to me only
16 logical that historic ferryboats should be where ferryboats
17 are, and where they can be seen by the public. There is open
18 access between the Ferry Building and Pier 1, and the public can
19 look at it over the Bay.

20 If they are at, say, Pier 3, it is not as likely they
21 are going to see the vessels, and they are going to be farther
22 away from their original home, which was right here in this
23 building.

24 COMMISSIONER GOLDMAN: I have no differences with you.
25 I just say we are paying for a \$300,000 study to help guide
26 this to a conclusion. If this is a logical one, then I assume
27 they will come to the same conclusion.

28 COMMISSIONER ROTHENBERG: Mr. Meyers, I understood

1 from somebody on the Commission, I don't remember who it was,
2 on your Commission, that some question had been raised about
3 whether both ferryboats might not serve a better purpose
4 being tied up farther down on the promenade, where they could
5 provide, essentially, a new anchor for the promenade, which
6 right now is going to be the most expensive barren wasteland,
7 and I just wanted -- it is very hard to remember who told me
8 this -- to know whether this was something the Commission was
9 seriously considering, or a member of the staff had a night-
10 mare about, or --

11 MR. MEYERS: Well, the Advisory Committee that Mr. Mor-
12 rison served on, that helped create the plan for the Northeastern
13 Waterfront, recommended that Piers 1 and 3 be the only location
14 for these types of historic boats used for commercial purposes.

15 Also, the Advisory Committee last November, at our
16 suggestion, to break out a speeded-up process for the boats,
17 voted to say that they wanted the total design plan completed
18 before they would recommend to the relevant commissions
19 approval of individual permits.

20 That is in response to your suggestion. That
21 happened last October.

22 COMMISSIONER MORRISON: Well, there is no reason
23 why that decision can't be changed.

24 MR. MEYERS: We can take it up with the Committee
25 when it meets again, but right now the schedule for the total
26 design plan is November 1, and that is with the team of
27 consultants working full tilt on it, and doing all the necessary
28 paperwork so the permits can be gotten.

1 It includes economists and transportation people,
2 who will look at the whole picture there in terms of parking,
3 the return to the Port for different economic uses that will
4 benefit the Port.

5 The City Planning staff position is that November 1
6 would be the earliest we could recommend approval to the
7 City Planning Commission.

8 Also, BCDC will only give a one-year interim permit.
9 It sounds very complicated, but BCDC will not give any
10 permanent permits until the total design plan is finished,
11 anyway.

12 MR. HEALY: We understand that.

13 COMMISSIONER MORRISON: Let me ask Mr. Vickers a
14 question. What is your understanding of the sequence of the
15 work of the Advisory Committee in its work on the total design
16 plan? It is my understanding that the Ferry Building area
17 is going to come first. Is that still your intention?

18 MR. VICKERS: It is the Pier 7 through to the Bay
19 Bridge, that area. That is the total design plan area. That
20 will come first. But the study covers the whole area from
21 Pier 7 down to Pier 46, but they are going to concentrate on
22 the Pier 7 to Bay Bridge area first.

23 That is very important to keep that in mind, too,
24 because we are trying to get our promenade built, and we
25 can't build the promenade until the total design plan is done,
26 either, and we are sequencing that, so we have got to keep
27 that in mind when we work at this total design plan.

28 COMMISSIONER MORRISON: Do you see any reason why

1 priority couldn't be given to the Pier 1 - Pier 3 area?

2 MR. VICKERS: Just the fact that the promenade also
3 has to be sequenced in. We have got to make sure that we can
4 get that started in time to keep the EDA funds flowing.

5 COMMISSIONER MORRISON: That doesn't quite answer my
6 question.

7 MR. VICKERS: Well, it does, because you can't forget
8 that and go to Pier 1 and 3. You have got to do both.

9 COMMISSIONER MORRISON: I am not suggesting that you
10 should drop it. I am suggesting that we come up relatively
11 soon with a total design plan for Pier 1 and Pier 3, so that
12 we could get the ferryboat operations going.

13 MR. VICKERS: I think that is the goal of the Advisory
14 Committee and of the staff, and they have put into the contract
15 with Roma at the negotiating that the total design plan for
16 this area come out before the total study is completed for
17 the whole area.

18 COMMISSIONER MORRISON: What is the time schedule
19 now?

20 MR. VICKERS: I think it is November 1. That is for
21 the total design plan from 7 to 24, but the total study won't
22 be complete until January 1.

23 MR. MEYERS: The entire study is from 7 to 46, and
24 we wanted to fast-track this one area of the total design plan
25 from 7 to 24 as soon as we could. But you would like to break
26 out separately Piers 1 and 3 as a separate unit.

27 COMMISSIONER GOLDMAN: I would like to comment. I
28 don't think that is practical at all. If you are going to

1 have a piecemeal design plan, then so be it, but it is a total
2 design plan, and I think we would probably be losing something
3 if we tried to speed up a section of it to the detriment of
4 the total. I don't think October 31, or 30, whatever it is,
5 is unreasonable for the kind of work that they are undertaking.

6 MR. VICKERS: Time schedulewise, I do see, although
7 I wasn't asked to comment on it, but I do see the point that
8 if we could go ahead, if the Port wants the ferryboats here,
9 he has all these other permits to get. He has to go to City
10 Planning. He has to go to BCDC. He has to get an environment-
11 al declaration. He has to get all these things done, and if
12 he gets all those done before November 1 I would be surprised.

13 COMMISSIONER MORRISON: What is your response to
14 that?

15 MR. HEALY: That has been my intent, effectively to
16 clear these permits, and then be prepared for the total design
17 plan completion, and then the public hearing and approval, and
18 then move ahead.

19 COMMISSIONER MORRISON: You are satisfied with the
20 November 1 date?

21 MR. HEALY: Yes, but I would like to have an approval
22 today, so that we can move ahead with the rest of the permits.
23 Your approval will strengthen the intent of the board, and
24 will also strengthen my position in going to the Planning
25 Commission and BCDC.

26 COMMISSIONER GOLDMAN: Excuse me, but what are we
27 approving? Haven't we approved the concept?

28 MR. HEALY: Well, this is a lease memorandum,

1 because the lease, because of children, wasn't able to be
2 completed. I think that we are asking for approval of the
3 memorandum, predicated on your seeing the completed lease,
4 and conditional approval on that, until I can get a negative
5 declaration from the Planning Department.

6 PRESIDENT RUDDEN: Why don't we just move on until
7 the next meeting, when we will have the lease prepared.

8 MR. HEALY: You mean come back with the completed
9 lease.

10 COMMISSIONER GOLDMAN: We are not acting on the
11 lease today, Jim.

12 MR. LYNCH: We will have it ready for the next
13 meeting.

14 PRESIDENT RUDDEN: I think we should defer it until
15 then.

16 COMMISSIONER GOLDMAN: All right.

17 (Short recess.)

18 MR. HUNTSMAN: Item 12, consideration of declaring
19 15,000 square feet of Pier 35 surplus to commerce, navigation,
20 fisheries and aviation. Staff recommends approval.

21 MR. DAVID: Mr. President, two meetings ago
22 Mr. Warren Simmons made a request for 15,000 square feet on
23 Pier 35, and you, as a Commission, indicated you would not
24 want to consider this until such time as it was returned from
25 the court with regard to PFEL.

26 The bankruptcy judge has now signed such an order
27 and, effective April 10, the pier was returned to the Port,
28 and therefore we did put the use of Pier 35 on the agenda

1 today.

2 MR. THIEMANN: I would like to make a correction
3 to the numbers. Actually, it is approximately 20,000 square
4 feet because some of the area is outside the shed.

5 This is a consideration of this Commission declaring
6 approximately 20,000 square feet of Pier 35 surplus.

7 PRESIDENT RUDDEN: What is the total square footage
8 at Pier 35?

9 MR. DAVID: Approximately 200,000.

10 COMMISSIONER GOLDMAN: Mr. Chairman, that is a point
11 I want to speak to. I can't understand how we can consider
12 declaring approximately 20,000 square feet surplus without
13 considering all of that pier that is services to the passenger
14 industry.

15 MR. DAVID: At the time this request was made by
16 Mr. Simmons, I then had a meeting with all of the passenger lines
17 presently using Pier 35. There was a representative of
18 California Stevedore and Ballast. Based on present usage, the
19 passenger lines no longer carry cargo, and the 20,000 square
20 feet Mr. Simmons wanted to occupy is not essential to their
21 use of the pier.

22 COMMISSIONER GOLDMAN: I speak to this because I
23 have some reservations. I realize this is the first part of
24 the consideration which might lead to the North Point Pier
25 request. What is concerning me is that there have been a
26 number of moves, even though we as a Port Commission have not
27 such information at this time, it seems to me that if we want
28 to declare any of it surplus we should really make an effort

1 to find out how much of it should be declared surplus, and I
2 gather from whqat Mr. David has said that probably 90 percent
3 of it is probably not necessary for use by the passnger ship
4 industry.

5 Therefore, if we are going to consider any part of it
6 being surplus, I think we should pursue it in its totality
7 as to just how much is required by the passenger service, and
8 the rest of it can be developed and be available for various kinds
9 of potential development.

10 I know for example, that there is one request. Well,
11 as a matter of fact, I know of two recommendations that are
12 before the Commission now in a very general sort of way for
13 total development of Pier 35. As I say, we haven't made the
14 effort yet.

15 I say that because I have some concern about that
16 particular location for the purposes for which Mr. Simmons has
17 made the request. So it is kind of a combination of problems.
18 One, it seems to me we need to get a reading as to just how
19 much of the pier can be utilized for development, total
20 development.

21 MR. DAVID: The staff feel that Pier 35 should remain
22 as our passenger terminal, at least until 1983.

23 COMMISSIONER GOLDMAN: I am not suggesting otherwise.
24 I am not suggesting that we discontinue using that pier as a
25 passenger terminal. My question is, pursuing the question you
26 asked of them, what percentage of the total of Pier 35 is not
27 required for use by the passenger ships.

28 PRESIDENT RUDDEN: We have Mr. Doll, from CS&B.

1 MR. W. J. DOLL: I can't speak to that specific
2 question, because we haven't studied it in that light, but from
3 the drawings that were shown to us, the amount of space that
4 was requested has no detrimental effect on our operation.

5 COMMISSIONER GOLDMAN: I appreciate that, but that
6 is not the question.

7 COMMISSIONER MORRISON: Mr. David, in order to have
8 an efficient passenger facility there, you need space for
9 ships to tie up on both sides of the pier. Is that correct?

10 Suppose two ships come in at the same time and both
11 are tied up. Can you give us a rough guess as to how much of
12 the pier they will use?

13 MR. DAVID: I think Mr. Doll might, but I would
14 first like to add this, that when I met with the steamship
15 lines -- and correct me if this is not right, Mr. Doll -- the
16 rent of Pier 35, which is approximately \$6,000 a month, this
17 is met by all of the steamship lines that utilize the pier on
18 a daily basis, and with the loss of the MONTEREY and the
19 MARIPOSA, and really no new cruise ships to replace them,
20 their share of the rent is going up considerably, and what
21 they are suggesting is that this 15 or 20 thousand square
22 feet reduces the total rent of the pier, which they find
23 appealing.

24 As to exactly how much of the pier they would need,
25 I know it would be better than 50 percent, Jim, but --

26 MR. DOLL: Well, somewhat more than 50 percent.

27 COMMISSIONER GOLDMAN: For what purpose? I mean
28 just to move the passengers and the equipment on and off the

1 ships --

2 MR. DOLL: No, but you are receiving stores, substan-
3 tial stores, ahead of the ships' arrival. You have to have
4 substantial custom corrals for the arriving passengers, space
5 for the debarking passengers, and very often the ships are
6 debarking and then embarking passengers, and they are two
7 separate operations, and you do spread out quite a bit on the
8 pier, and the baggage can be fantastic. If you take off 800
9 passengers from a ship, you have an awful lot of baggage.

10 COMMISSIONER GOLDMAN: We were down there just a week
11 or ten days ago, when the QE II was here, and most of the
12 utilization of the pier was by automobiles.

13 MR. DOLL: Well, with the QE II I don't think there
14 were any passengers, basically, getting on and off. There was
15 no mass movement of people. It was relatively a small number
16 of people you were worried about.

17 COMMISSIONER BRIDGES: And Jim, in your calcula-
18 tions, just on an average cruise ship, passengers only, outside
19 of stores, no cargo handling?

20 MR. DOLL: Well, we are not getting cargo handling on
21 the cargo ships any more, Mr. Bridges, on the passenger ships.

22 COMMISSIONER BRIDGES: Apart from cruise ships, and
23 we are not going to have any more cruise ships, the only ones
24 we are going to have now are passenger cargo. Right?

25 MR. DOLL: No. We have plenty of foreign ships.

26 COMMISSIONER BRIDGES: I am not talking about
27 foreign ships. I am talking about American flag.

28 MR. DOLL: There will no longer be any American flag

1 passenger ships calling at Pier 35. They will all be foreign
2 ships.

3 COMMISSIONER ROTHENBERG: Mr. Chairman, Commissioner
4 Goldman brought something up, and let me run around in back
5 of the barn to try and figure out where we are going.

6 Dick, is what you are saying is that, because
7 of the development proposals we have seen on 35, we shouldn't
8 consider 35 for Mr. Simmons, or we should consider another
9 facility because of the imminent redevelopment of it, or what?

10 COMMISSIONER GOLDMAN: I think the question I am ask-
11 ing is, with or without Mr. Simmons utilizing any of the space
12 on Pier 35, I think the question we should resolve is, how
13 much of Pier 35, maintaining its cruise ship capabilities,
14 is surplus for maritime needs, to be utilized for other types
15 of development. Then we can consider what we might consider
16 to be appropriate to develop there.

17 What we are doing is a piecemeal approach.
18 Mr. Simmons has come and said, I want 15,000 feet in this cor-
19 ner, and everybody says, that doesn't interfere.

20 I am saying to myself, okay, if that is so, there
21 must be a lot more square footage there, and if we had a good
22 reading of this, we might find a lot more realistic development
23 for the nonmaritime elements of that particular pier.

24 COMMISSIONER MORRISON: In other words, you are
25 saying, as I understand it, we should first decide what the
26 optimum development is for Pier 35.

27 COMMISSIONER GOLDMAN: That is what I would suggest.

28 COMMISSIONER BRIDGES: I agree with that point of

1 view, too.

2 COMMISSIONER ROTHENBERG: Well, let me throw out a
3 side issue. Mr. Simmons has the problem of a storage facility,
4 and I am sure we are all concerned with trying to figure out
5 how we can solve it, and we want to do it the way that least
6 hinders the Port Commission's ability to move forward in other
7 projects. He needs some more immediate form of shelter. Do
8 you have any suggestion on that?

9 COMMISSIONER GOLDMAN: That is the next item, but I
10 think the two should be together.

11 My answer to that would be, I think we can more
12 readily make available, on a temporary basis, with a capital T,
13 space on Pier 33, which is already being used by various similar
14 types of utilization to that which Mr. Simmons has made a
15 request.

16 COMMISSIONER ROTHENBERG: Do we have to do a similar
17 declaration if we were to sublet a part of Pier 33?

18 COMMISSIONER GOLDMAN: It is already being used for
19 that.

20 MR. THIEMANN: Well, there is some controversy about
21 the other use with the Planning Commission, and we have to
22 resolve that. But, Mr. Lynch, I think, under the circumstances,
23 Pier 33 is now designated as a maritime facility.

24 MR. LYNCH: Then if it were to be used by Warren
25 Simmons for a storage warehouse, it would have to be declared
26 surplus to maritime. That is the first step.

27 COMMISSIONER GOLDMAN: At 33?

28 MR. LYNCH: At 33. Whichever facility you use, you

1 have to declare it surplus.

2 COMMISSIONER MORRISON: What are the predominant
3 uses now on Pier 33?

4 MR. THIEMANN: Pier 33 on the east side is primarily
5 being used by maritime, for discharging of fish and by a marine
6 diver, who has floating equipment there, and so on.

7 The balance of the pier is being used for storage
8 and other purposes.

9 COMMISSIONER ROTHENBERG: Basically warehouse?

10 MR. THIEMANN: Basically warehouse. We have some
11 railroad cars on the east side of the pier, which I know
12 created a problem with BCDC, because they are being used for
13 offices, and they say we can't have office space on our
14 property within their jurisdiction.

15 COMMISSIONER MORRISON: What are the terms?

16 MR. THIEMANN: All month to month.

17 MR. SIDNEY RUDY: Mr. President, my name is Sidney
18 Rudy. I am speaking for North Point Pier.

19 I don't mean to interrupt an internal discussion,
20 but I think that we would save a lot of time if we cleared up
21 a couple of points here.

22 The suggestion about usage of Pier 33 I think has
23 been made. We have looked at it carefully. I am not an
24 engineer, or a traffic engineer, but I did go with Mr. Simmons,
25 and we drove up and down the Embarcadero and noticed the
26 influx of traffic coming from the intersecting streets. It
27 simply is not practical to use Pier 33. There are no left
28 turns into the pier for a considerable distance. It doesn't work

1 practically.

2 We have tried to cooperate. We have a location
3 where we were always supposed to be. We are talking about
4 moving it into Pier 35 because the Planning Commission and
5 other people in the neighborhood would like to increase the
6 size of the park, and would like to have a better view.

7 I understand Mr. Goldman's suggestion that maybe
8 there is more of Pier 35 that could be declared surplus. I
9 don't really see how that affects the present application.
10 I don't need to tell you that our application is not one that
11 can conveniently come in a year from now. It is an applica-
12 tion that has to be granted or not granted now, because the
13 project is ongoing. It is almost ready for completion.

14 The fact that Pier 35 may have surplus area available
15 beyond this 20,000 square feet should not, to my mind, affect
16 the action on the Simmons application. Let's just say that
17 our application has been the catalyst which starts you thinking
18 about other nonmaritime uses which you might make of Pier 35.

19 COMMISSIONER MORRISON: I think what Mr. Goldman was
20 saying is that, if we were to go ahead with 15 or 20 thousand
21 square feet for Mr. Simmons, that might preclude us from some
22 much more advantageous development.

23 MR. RUDY: Mr. Morrison, you know that, from the
24 beginning, the application has complicated termination when
25 a plan is developed for use of Pier 35 which might be incon-
26 sistent with the Simmons usage.

27 Now, we had asked for an 18-month termination notice.
28 I understand that the staff has suggested they would be more

1 comfortable with a 12-month termination notice, and we are
2 prepared to accept that.

3 Now, it really isn't realistic to believe that that
4 arrangement could possibly prevent whatever larger plan might
5 come before you. These things do not move that fast, and we
6 are not trying to stop any larger development. We would be
7 delighted. We might or might not fit into that larger devel-
8 opment. That is a matter of planning when the time comes.

9 We have tried to make all kinds of concessions, but
10 here we are. A lot of people would like to see that service
11 building moved off the bulkhead and put somewhere else, and
12 Pier 35, at the moment, seems to be the right place.

13 Let me anticipate one other point, just to move the
14 thing along. We have our approvals from the various commis-
15 sions. BCDC wants to take a final look at it. We anticipate
16 that we will have approval of our original location, so that
17 we will have a fall-back location when and if it becomes
18 necessary for the Port to say to us, you have got to get off,
19 we are putting a passenger terminal in there, we have a
20 commercial development. I know there has been a plan presented
21 which might not even be inconsistent with our usage.

22 All we are saying is that, really, it seems to me
23 that much more of a problem is being made of this than is
24 necessary. We are talking about going in there, occupying part
25 of the space, paying rental, accommodating people who would
26 like to see a little bit more open space, and if your plans
27 develop in another direction and you want us out, we are
28 going to get out.

1 COMMISSIONER GOLDMAN: Mr. Chairman, may I respond?

2 First of all, I want to comment that I admire the
3 fact that Mr. Simmons is flexible enough that when there was
4 quite an issue raised about the maintenance of the Eagle Cafe,
5 he found a place on the North Point Pier to accommodate them.

6 I raised the question to Mr. Simmons as recently as
7 yesterday as to what this concern was about utilizing Pier 33
8 rather than 35, and was told that there was a difficult left turn,
9 and found out that he really is speaking of those trucks that
10 would make deliveries to North Point Pier after 11:30 in the
11 morning, when they are not permitted on the Pier because of
12 the way it will operate, and therefore would have to make their
13 way to this storage area. I was surprised to learn that that
14 was an issue, because whether it be moving from there to
15 Pier 35 or Pier 33 didn't seem to me to be that much of a
16 problem, and I think truck drivers have the capability of learn-
17 ing where to go and anticipating. So it was a very specious
18 argument that was presented to me.

19 I don't blame Mr. Simmons for wanting that which is
20 most closely aligned with the project. But I don't think it is
21 in the best interests of the Port to accommodate you on this
22 temporary use. I speak of it as temporary, because once you
23 get in I want you to realize that one of these days you are
24 going to have to move along.

25 That is why I was hoping you could come in with your
26 permanent location today, but I know you haven't.

27 I think Pier 33 is a much more practical solution
28 from the Port's point of view, and I would hope that would be

1 the selected area. But I don't see your argument, other than
2 another 50 feet, another 50 feet away from North Point Pier.

3 MR. VICKERS: I didn't know about the Pier 33 question,
4 but just looking at the map here, if they are taking supplies
5 for the at Pier 33 for the restaurants and shops at Pier 39,
6 and then they have to deliver those, they would be running back
7 and forth in front of our passenger terminal with their little
8 trucks, going back and forth. I don't think we would want that.
9 That is a busy area through there, and I think that --

10 COMMISSIONER GOLDMAN: You mean they can't run on
11 the Embarcadero itself?

12 MR. VICKERS: I don't think they can with the kind
13 of cars they are using.

14 MR. RUDY: I don't think they can, but that is an-
15 other problem. It is not a specious argument. We have 120
16 tenants. This service building will be used for delivery and
17 storage, and the tenants presumably will, from time to time,
18 have to be coming back and forth.

19 What you are suggesting is that to do the pickup they
20 are going to come out of the center, somehow get onto the
21 Embarcadero, make a left turn, go down the Embarcadero. You
22 can't make a left turn into Pier 33 at that point. You go way
23 around the block somewhere else in order to finally come back
24 on the correct side of the street.

25 MR. VICKERS: Don't you have a private driveway on
26 35? Don't you have a private driveway?

27 MR. RUDY: Oh, from 35 we would. I am talking
28 about 33. You are absolutely right. It just isn't practical.

1 COMMISSIONER GOLDMAN: You are talking in generalities.
2 What do you mean by this? Warren Simmons told me that the trucks
3 making delivery after 11:30 would have to be rerouted from
4 North Point Pier to wherever the storage area is. Is that
5 such a big deal?

6 MR. RUDY: Sure it is.

7 COMMISSIONER GOLDMAN: Why?

8 MR. RUDY: I don't know what Warren Simmons told you,
9 but the point he has been making is that the reason we require
10 a service and storage area is that we can't limit all deliv-
11 eries to the morning, and we can't have trucks running around
12 the pier area when all of the people start coming in.

13 COMMISSIONER GOLDMAN: But I want to understand what
14 is happening. I appreciate that after 11:30 in the morning
15 any truck that wants to make a delivery to North Point Pier
16 has to go to the storage area, and it will be held there
17 until such time as it is picked up and moved to the various
18 120 tenants.

19 Now, I presume that much of that is going to be
20 moved, maybe just storage for the week, maybe just storage
21 overnight. I don't know. But I don't see this as being such
22 a major problem.

23 MR. WARREN SIMMONS: Just for clarification, we
24 won't let a major truck down the pier after 11:30 a.m.,
25 because the people are going to be so heavy out there.

26 We will have these turn-of-the-century small trucks
27 which we are presently having built, which will be continually
28 shuttling back and forth between the service building and

1 Pier 39, and you just couldn't get those little antique
2 cars and trucks coming out all the way down, make a left turn
3 to Pier 33. It just doesn't work. We will stay where we are
4 now with the bulkhead.

5 COMMISSIONER MORRISON: Mr. President, the question
6 of service and storage area is a question that every tenant
7 at Fisherman's Wharf faces. Why are you on a different foot-
8 ing from all the other people down there?

9 MR. RUDY: Mr. Morrison, we went into a new area,
10 which we developed, which we built, at tremendous cost,
11 planned carefully. I don't think that the Planning Commission,
12 if it looked at Fisherman's Wharf, would allow it to be
13 developed as it now exists, and I say that without too much
14 fear of contradiction.

15 Now, you don't want another situation like Fisherman's
16 Wharf. We tried to plan this properly, and we worked with
17 every agency in the community. We had a plan that would
18 work, that would deal with the traffic problem. We had a
19 place for the service building, and we are trying to accom-
20 modate other agencies in the community, and now a number of
21 people say, why don't you go down here, why don't you go across
22 the street, why don't you buy a warehouse somewhere else?
23 It doesn't make any sense.

24 This is an integrated center. We want it to work
25 properly. We paid to have it work properly, and we do not feel
26 that we are asking this Commission to do anything that is going
27 to impari whatever future development comes to you. It is
28 not going to come overnight, and we are ready to get out at

1 the end of a year.

2 I honestly don't see what more --

3 COMMISSIONER ROTHENBERG: I think the issue -- it
4 may be hard to believe that we are trying to help you, but I
5 think basically our concern is that we are worried about making
6 representations to you in terms of giving you comfort that we
7 are not convinced we can live with, and because of that, I
8 think Mr. Goldman's concern about moving to 33 is just that
9 any future development at 33 is likely to be farther down
10 in terms of the time horizon. Therefore, we would be less
11 likely to have to burden you.

12 What we are all worried about, I think, is that the
13 extent of the 20,000 square feet, I don't think that worries
14 anyone about the interim use. I think what worries us all
15 is, if we want to use that space at some later date, we are
16 going to find ourselves in an awkward battle, not dissimilar to
17 what we just went through with the billboard owners, where
18 you might feel that, even though you agreed on the 12 months
19 to vacate, that either we haven't made a reasonable argument
20 why your use is not compatible with the new use, or why the
21 new use is not a higher value.

22 We just don't want to get ourselves caught up in a
23 litigious, I guess, if you want to use the term, situation
24 a year or two from now, because we think it would be unfair to
25 us and we think it would be unfair to Warren.

26 I personally am not that worried about lending you
27 the small amount of space you need, if we were convinced that,
28 at our request, you would vacate, and that is why I suggest

1 to the staff we require you to post a bond, to give you some
2 economic incentive to get out.

3 MR. RUDY: I understand that. Let me say this.

4 Your point has been made very clearly to us, and I
5 am stating publicly on behalf of North Point Center that I
6 understand fully that it is a temporary use, that it is
7 terminable on one year's notice, and we will get out. We are
8 not children, and we are not talking about, you know, a
9 25-year history of the billboard industry. This is a specific
10 project, a specific deal. We will get out when we get that
11 notice to get out in one year. We will post a \$100,000 bond,
12 or a letter of credit, which will be easier to get, and you can
13 believe that we are going to get out.

14 We are trying to find a now solution to a problem
15 that has to be solved.

16 COMMISSIONER MORRISON: I think there is language in
17 the proposed agreement that virtually guarantees that Warren
18 Simmons will never leave, and it is this language, I think.
19 If the Port contemplates a major change in the use of Pier 35,
20 Port will, so far as possible, using its best efforts, ac-
21 complish such change without requiring termination of the
22 developer's lease, for the Pier 35 area.

23 Now, that language, in my view, gives you a long
24 tenure there, and much beyond the course of a year, and I
25 don't think, short of going to court, we would ever get you out
26 of there, under this language.

27 COMMISSIONER ROTHENBERG: This language is not part
28 of the lease.

1 COMMISSIONER GOLDMAN: I think that this Item No. 13
2 needs a lot of much further consideration, even with another
3 point, which states that this staff, that is, our staff,
4 feels that the proposed use will yield maximum profits, the
5 Port will have the right to cancel on one year's notice if the
6 development is to yield higher profits than proposed.

7 I don't think that has anything to do with it. I
8 don't know how that profit thing comes into being.

9 I am also troubled, if this is such an important
10 part of the project, why in the world didn't you allocate a
11 section at a corner on the pier where these trucks could,
12 without interfering with the passing of the public, have made
13 these deliveries, and we wouldn't have had all this fuss.

14 MR. GEORGE WILLIAMS: We asked them not to do that.

15 COMMISSIONER GOLDMAN: Okay. It is your fault.

16 MR. RUDY: Frankly, it just didn't make any sense.
17 We had the full plan. We know where the service building
18 is supposed to go. We are not trying to trick anybody with
19 this proposal. The finding that the pier in its present con-
20 dition is such that what we are paying for that space is about
21 as much as you are going to get, that is called for by the
22 rules and regulations and whatever.

23 The last paragraph that you referred to, I don't
24 know what change you want. What was really contemplated,
25 as long as this continues to be in its present condition, used
26 as a passenger terminal, we know that this 20,000 square feet
27 is not needed, not going to hurt anybody to have it used as
28 a service and storage building.

1 If another plan comes along to change its use, to
2 have the total commerical use of the building, you have the
3 right to give us 12 months' notice of termination. If you
4 want to change that paragraph, Mr. Morrison, I will be glad to
5 stay here for ten minutes after the meeting, and together we
6 change it.

7 COMMISSICNER GOLDMAN: I think that has to be changed
8 whether it be in Pier 33 or 35. I think this Port must retain
9 the right to ask you to leave, to meet whatever purposes.
10 We are accommodating you if we provide any space for you. It
11 is not our obligation to do so. Let's put it in the right
12 perspective.

13 Now, that being the case, we must work it out on
14 terms that are practical from the Port's point of view, but we
15 have got several problems here.

16 We have got the problem, number one, of just exactly
17 how much space on Pier 35 could be declared surplus.

18 Number two, if Pier 33 were the desired location,
19 what has to be done in order to accommodate you there.

20 And finally, a statement, if we accommodate you on
21 either pier, to provide a statement that just say, for
22 whatever purposes of its choosing you are asked to leave, that
23 is fine.

24 Let me add, Mr. Simmons, there are a few things that
25 have to be dealt with, and I don't think we can resolve them
26 today. The other thing I want to add to this is that some
27 of us believe, I think, that this is a temporary situation,
28 and we don't want it to be considered as anything but, and

1 we also want to keep in mind that, just as Warren Simmons, as
2 a developer, looked upon Pier 39, people who might be interested
3 in developing Pier 35 may be discouraged by seeing that there
4 is a year's lease for one section of it.

5 MR. RUDY: Mr. Goldman, if you have watched procedures
6 in this type of development, there is no way that a developer
7 is going to go into construction in a year.

8 COMMISSIONER GOLDMAN: That is not my point. I am
9 not talking about the going into construction. I am talking
10 about the interest of the developer, who wants to have as
11 many factors in his favor as possible, because it is tough
12 enough to develop.

13 All I am saying, where there is a lease outstanding
14 of a year, that may be just enough of a deterrent to some
15 future developer to say, I will go somewhere else.

16 MR. RUDY: Mr. Goldman, we had leases all over the
17 place in Pier 39 when we first started. I don't know how
18 long they were, but we knew, the Port told us that they would
19 be able to terminate those leases when we needed it.

20 We had an office out at the end of Pier 39 while
21 people had welding equipment and storage and everything else on
22 the pier.

23 PRESIDENT RUDDEN: I think we are belaboring this.
24 I think we ought to decide on whether we want to declare this
25 surplus or not, and thereafter the agreement between Warren
26 Simmons and ourselves can be tightened up to the extent that
27 you have mentioned, and at that time, if they want it, then,
28 okay.

1 COMMISSIONER BRIDGES: Let's get the first one out of
2 the way, because I have got a few things to say on the second
3 one.

4 COMMISSIONER GOLDMAN: On the first one, let me just
5 comment. I don't think that we can act on that alone. It
6 just seems to me we are not doing a thorough job by taking this
7 one part and declaring it surplus if there is additional
8 space there that is declarable as surplus.

9 COMMISSIONER BRIDGES: If we don't declare it
10 surplus, Dick, we can't do much with the second one.

11 COMMISSIONER GOLDMAN: All I am saying, Item No. 12
12 should be refined.

13 PRESIDENT RUDDEN: Let me ask the staff a question.
14 If we declared 20,000 feet surplus now, and then, as time
15 went on, we found we didn't need other areas there for passen-
16 ger purposes, would we have any problem declaring that
17 additional amount surplus?

18 MR. LYNCH: I don't know of any problems you would
19 have. You can declare a parcel of land in its entirety, or
20 portions of it, as the conditions warrant.

21 PRESIDENT RUDDEN: So the issue here as to whether we
22 declare this 20,000 square feet surplus has nothing to do
23 with the rest of it.

24 COMMISSIONER GOLDMAN: That is not the point. The
25 issue is how much of that pier could be declared surplus.
26 That is the question, and we haven't answered it.

27 COMMISSIONER ROTHENBERG: Mr. Chairman, I think we
28 find ourselves in an awkward position. BCDC has capriciously

1 changed their mind on Mr. Simmons, whether they are correct
2 or not. And the Planning Commission has changed their minds
3 because they have the legal power to enforce it, and they are
4 asking us to do them a favor, so we are theoretically being
5 asked by these other agencies to facilitate the open space in
6 that area, which I am sure none of us would disagree with.

7 Our battle is whether we would rather allow Mr. Sim-
8 mons to move into one part of our acreage or another. I am
9 all in favor of developing out 35 in perhaps a more economical
10 or meaningful way, but I think if we write a tough enough
11 lease, and we make it very clear at the start that it is, (a)
12 temporary and (b) one year when you vacate, we probably
13 protect ourselves and try to buffer Mr. Simmons. I don't want
14 to see him named the next American saint.

15 I am getting concerned that we are making this thing
16 so difficult that it is going to jeopardize the larger cash
17 flow on Pier 41, which, after all, is going to be the major
18 economic shot in the arm which we need.

19 I don't mean I want to cut short my fellow com-
20 missioners who feel strongly this question about how much we
21 vacate the maritime use. I just think we have to realize that
22 whatever we do for Mr. Simmons, wherever we do it, is purely
23 a temporary matter. We are doing it as an emergency accom-
24 modation, and we reserve the right to change our mind like
25 anyone else.

26 I think if we write the lease tough enough -- and
27 I would be willing to refer Mr. Goldman to help work with the
28 staff on that -- all we have done is built in a year's delay

1 at worst, and I share Mr. Rudy's thought that no one in the
2 City can do anything in a year. At the same time, we have
3 made it possible for the Pier project to go ahead.

4 I have some specific questions about the lease, but
5 I would just like to move the thing forward and get it re-
6 solved, because I am sympathetic to the concerns of Mr. Simmons'
7 long-term lender, who is worried about what is he financing.
8 He signed an agreement as to what he thought he was financing,
9 and it included these facilities, and now he feels waffled
10 around, and Mr. Simmons feels waffled around, and we feel
11 waffled around because these other agencies are asking us to
12 bail them out. I don't feel that is proper politics, but I
13 just think someone has to stand up and say, we shook our hands
14 on a deal.

15 Let's just move forward on it, and let's just
16 protect ourselves on it to make sure we are not going into
17 something that isn't reparable.

18 COMMISSIONER MORRISON: Mr. President, I think that
19 is very well said. If it were a question of a temporary
20 accommodation for Mr. Simmons, that would be a problem in an
21 entirely different light, but I don't think Mr. Rudy considers
22 it temporary, and I don't think Mr. Simmons considers it
23 temporary, and I don't think our own staff considers it tem-
24 porary.

25 As the matter is now before us, I have serious
26 doubts whether we would ever get Mr. Simmons out of Pier 35
27 if this present agreement were entered into.

28 For that reason, Mr. President, I am going to move

1 that the proposal to declare the 20,000 feet surplus to maritime
2 use be denied.

3 MR. RUDY: May I just make one statement, and that is
4 that we do consider it temporary. If we did not consider
5 it temporary we would not be talking about termination upon
6 12 months' notice.

7 I gather from what Mr. Rothenberg has said he is
8 thinking in terms -- this was a letter proposal to outline
9 the transaction. I would ask that the Commission act to de-
10 clare the area surplus, and state, if you wish, that the
11 terms of the lease will be that the Port has the right to
12 terminate on 12 months' notice, without whatever detail is
13 objectionable to either Mr. Goldman or Mr. Morrison.

14 I think that would make it clear that it is temporary.
15 No one can realistically think that that is going to inter-
16 fere with any kind of development that comes along.

17 Beyond that, I don't think we should have to push
18 this hard.

19 COMMISSIONER BRIDGES: Let me ask you a question on
20 that one point.

21 There is a lot of talk about temporary. You insist
22 on that. Now, let's really make it temporary. That's what
23 I mean, that the limit to which you can stay there, providing
24 we go for this, agree that it is an exception to the use of
25 the pier, 12 months is the limit. We nail it down so that
26 we can say that you can have it for 12 months, and then you
27 must go.

28 Now, the spot the Commission is in, speaking of

1 Mr. Simmons and myself, we sign the lease and everything, and
2 30 days after we sign the lease we say, okay, get out.

3 When we say get out, it is up to this Commission to
4 decide why we want you out. You have got no darn reason to
5 go investigating the reason the Commission says, get out. That
6 is what is being proposed now here.

7 So the proposition before us now, whether it is
8 12 months or 18 months, after this lease is signed, this
9 proposition is put together, when the Port Commission gives
10 you notice to get out, you have got 12 months to get out.

11 So why not agree, as a condition of the lease right
12 now, so we know what we are doing, you are in there for 12
13 months, period, and then you must get out.

14 MR. RUDY: Twelve months after you give us the
15 notice.

16 COMMISSIONER BRIDGES: No, no, no. I mean 12 months
17 after we agree that you can go into Pier 35.

18 COMMISSIONER GOLDMAN: You mean you want to make it
19 strictly temporary, no more than a year's notice.

20 COMMISSIONER BRIDGES: That is what I am saying, yes.

21 PRESIDENT RUDDEN: What happens at the end of the
22 12 months?

23 COMMISSIONER BRIDGES: They are out.

24 COMMISSIONER GOLDMAN: I would like to give them a
25 little leeway. If by chance it is the wisdom of this board
26 not to allow them on Pier 35 but to allow you on Pier 33,
27 would you refuse it?

28 MR. RUDY: I think we would just go ahead with our

1 other location.

2 COMMISSIONER GOLDMAN: Then why don't you go ahead
3 with the other location anyhow?

4 MR. RUDY: Because a lot of people would like us
5 not to.

6 COMMISSIONER BRIDGES: Just a minute. That is news
7 to me. The other location, the location originally approved
8 by the various commissions, including BCDC, is that the
9 location you mean?

10 MR. RUDY: Our position is that BCDC did approve it.

11 COMMISSIONER BRIDGES: That is what you told me.

12 MR. RUDY: That's right. We are going back to BCDC.
13 We understand that the staff is prepared to recommend approval.
14 We are not pretending that isn't so.

15 But we have a whole bunch of people in San Francisco
16 who would like us to move it, and that is the only reason we
17 are here.

18 COMMISSIONER BRIDGES: That is the view again.

19 MR. RUDY: That's right, the view, and more water-
20 front access, whatever.

21 I have already modified the agreement, because
22 Mr. Morrison has pointed out that there may be language that
23 would give us some cause for complaint. I haven't consulted
24 my client, but we are prepared to say now that we will go in
25 there with one very simple provision. From the day that you
26 give us notice to get out, we will be out within 12 months.

27 COMMISSIONER BRIDGES: Why can't you explain to me
28 the difference between that proposition, which puts the

1 burden on the Port, and a firm agreement that you must get out
2 within a year?

3 MR. RUDY: There is no burden on the Port. All the
4 Port has to do is decide that it has a project. You may not
5 have a project that will come to fruition in less than two
6 years, or three years.

7 COMMISSIONER GOLDMAN: I think the thing that is
8 troubling Mr. Bridges is something that has been troubling me,
9 and that is, I look upon use of either pier as strictly tem-
10 porary, and I was hopeful that you would come in here and
11 say, we only need it for an interim period while we complete
12 the construction of our permanent location.

13 If you had that before you, I don't think I would
14 be concerned whether it was Pier 33 or Pier 35.

15 MR. RUDY: I understand that.

16 COMMISSIONER GOLDMAN: What really is being said
17 to us is,, we know it is temporary until you kick us out, so
18 we are not going to do anything until you tell us to get out.

19 MR. RUDY: No, we are going to proceed.

20 COMMISSIONER GOLDMAN: Mr. Bridges has raised another
21 point which I think I can understand his raising. We don't
22 think that we should allot at least that part of Pier 35 on
23 that basis, when there is such a tremendous potential for the
24 total development.

25 PRESIDENT RUDDEN: Pursuing Mr. Bridges' question,
26 if you were offered a year, would you turn it down?

27 MR. RUDY: I can't answer that for Mr. Simmons. It
28 doesn't make too much sense to us, because we don't know and

1 you don't know what is going to happen on the pier.

2 All we have asked for, from the time that something
3 else comes along, give us a year to work out our alternate
4 plan.

5 COMMISSIONER BRIDGES: Wait a minute. We are talking
6 about something temporary. I am confused.

7 It seems to me that one year is temporary. All you
8 are asking for is a temporary location, and I am agreeable to
9 that, but I want a limit, and I want a limit without putting
10 the burden on the Port to serve notice, and one year after
11 you serve notice, then you get out.

12 I want to put a limit on it right now, if it is one
13 year, two years.

14 MR. RUDY: One year after you serve notice, we get
15 out.

16 COMMISSIONER BRIDGES: No, I want one year after you
17 sign the lease.

18 COMMISSIONER GOLDMAN: Wait a minute. I think the
19 thing that is confusing here, it really is not, from the point
20 of view of North Point Pier, a temporary location. It is a
21 location to store until such time as we force them out.

22 COMMISSIONER BRIDGES: You bet your life. I under-
23 stand.

24 COMMISSIONER GOLDMAN: I think they should have a
25 permanent location, and it will be temporary. That is why I
26 concur with what you are saying.

27 COMMISSIONER BRIDGES: No, no. We haven't talked
28 about a permanent location in Pier 35.

1 COMMISSIONER GOLDMAN: I mean a permanent location
2 for their storage. They haven't talked about a permanent lo-
3 cation. They just say that there is a fall-back if they
4 have to. I am saying that they should proceed in getting that
5 permanent location, and then we will accommodate them in this
6 interim.

7 COMMISSIONER BRIDGES: I want to make sure, if we
8 go for this on 35, they are out in one year, even if the
9 space may be vacant, for the planning of the Port, so if
10 somebody comes along with a program for development at
11 Pier 35, we are not bogged down by having to go through this
12 other rigamarole. We want to say, you understand there is
13 somebody on there for one year, and then they are getting off.

14 COMMISSIONER ROTHENBERG: Commissioner Bridges,
15 what would you think of the idea of making it a two- or
16 three-year lease, and we still reserve the right to give 12
17 months' notice, but they know at the end of the second or third
18 year their lease is up?

19 COMMISSIONER BRIDGES: That is a better deal than
20 we are considering now.

21 COMMISSIONER ROTHENBERG: It will have the same
22 effect. They will realize there is a finite limit to their
23 stay, but we still have the 12 months thing. Would you object?

24 COMMISSIONER BRIDGES: Let's say, instead of the
25 present thing, on notice to get out in 12 months or 18 months.
26 they have got to get out at the end of two years, period.
27 Yes, agreed. That makes sense to me.

28 COMMISSIONER GOLDMAN: The problem there is, I don't

1 think it is solving the problem. The point I am making is
2 that they have to get a permanent location, and it won't be
3 on the pier.

4 COMMISSIONER ROTHENBERG: That is the point we are
5 making. We say the lease will run no longer than two or
6 three years, and won't be renewed. In the meantime, we
7 reserve the right to give them 12 months' notice. Harry is
8 saying he wants there to be no question that at some date we
9 could say goodbye for any reason.

10 COMMISSIONER BRIDGES: If you want to make it two
11 years, say --

12 COMMISSIONER ROTHENBERG: I don't know if that re-
13 solves Commissioner Morrison's concern or not. It does make
14 the temporary thing very clear.

15 COMMISSIONER GOLDMAN: What you are suggesting,
16 Harry, is a maximum of two years' occupancy, subject to one
17 year's removal if we request. Is that it?

18 COMMISSIONER BRIDGES: Yes.

19 COMMISSIONER ROTHENBERG: So it is a finite lease,
20 with the proviso that we can also give them 12 months' notice.

21 COMMISSIONER MORRISON: I will agree to that,
22 Mr. President.

23 PRESIDENT RUDDEN: Would you accept that, Warren?

24 COMMISSIONER ROTHENBERG: I can appreciate Mr. Sim-
25 mons is going to have to put 100 or 150 thousand dollars in
26 the space, but I think a year is a good choice.

27 (Several voices at once.)

28 MR. RUDY: Gentlemen, I think I will make a very

1 short statement.

2 We made a proposal which we believed was reasonable.
3 We backed off of the specific language to which you objected.
4 We said that we would go in, and we would get out on 12 months'
5 notice, at any time. I think that is as far as we want to
6 go.

7 We think you should approve that. We are going
8 to go ahead. We have our meeting set with BCDC, and I think
9 what will happen is that the service building will be built
10 on the waterfront, where it was supposed to be.

11 COMMISSIONER BRIDGES: Can you explain to me the
12 difference between your position and what we are proposing?
13 You say it is quite all right, we want a temporary location,
14 and within 12 months, say, or 18 months after this Commission
15 tells you to get out, you will get out.

16 MR. RUDY: That's right.

17 COMMISSIONER BRIDGES: And that means we are talking
18 here, we agree on the lease, and 30 days after we agree on
19 the lease the Port says, we are serving notice, get out, and
20 you have got no right to ask us why.

21 MR. RUDY: That's right.

22 COMMISSIONER BRIDGES: And what is the difference
23 between that position and what we are proposing?

24 MR. RUDY: Because, based on what is likely to
25 happen, we do not expect that the notice will be given a
26 week from today, or a month from today.

27 COMMISSIONER ROTHENBERG: Our record of action is
28 well known.

1 MR. RUDY: No. It is just the amount of time --

2 COMMISSIONER BRIDGES: Isn't it fair to figure, this
3 Port Commission is being criticized somewhat, so some other
4 developers that might have their eye on developing Pier 35,
5 and your position crops up. That is enough alone to chase a
6 developer away.

7 MR. RUDY: I don't think so, Mr. Bridges, honestly.
8 The fact that you can get us out on one year's notice isn't
9 going to chase anybody out of there. You have a problem now.
10 You have a --

11 COMMISSIONER BRIDGES: We have trouble as it stands
12 now, but if there was a definite time, at the end of one year,
13 for any reason at all, you are out, or two years, that is
14 a different thing to me.

15 COMMISSIONER MORRISON: Mr. President, we have made
16 a proposal. Mr. Simmons, or Mr. Rudy, has refused it. I move
17 that the matter before us be tabled, and that we go on to another
18 question.

19 COMMISSIONER BRIDGES: I will second that. It doesn't
20 mean it is finished. We can always come back.

21 (The motion to table was carried unanimously:
22 Commissioners Bridges, Goldman, Morrison, Rothenber and
23 Rudden - aye.)

24 MR. HUNTSMAN: Mr. President, Item 12 has been
25 tabled. Therefore, Item 13, likewise.

26 Item No. 14, consideration of a request from URSA
27 to sublet a portion of their leased premises at Pier 5.
28 Mr. Thiemann.

1 MR. THIEMANN: It is a license rather than a lease,
2 a month-to-month tenancy.

3 This is a partially federally-funded agency, as far
4 as I know, and they have ups and downs in their needs for
5 employees and space, and they are asking for permission to
6 sublet, subrent a portion of their space, with the understanding
7 that they will not charge any more for the basic space than
8 they are paying the Port Commission, and I would like to
9 recommend approval.

10 COMMISSIONER ROTHENBERG: Harry, this just seems
11 slopping to me, because now we are talking about subletting
12 30-day licenses.

13 (Commissioner Goldman here left the meeting.)

14 MR. THIEMANN: This has been going on all through the
15 years.

16 COMMISSIONER ROTHENBERG: I know. It just seems
17 really sloppy. Maybe I am more objecting to the fact that if
18 I didn't know about it it wouldn't bother me as much. But we
19 are talking about a relatively small dollar amount, and I am
20 just worried that by continually subletting these things, are
21 we getting ourselves in --

22 I am curious about why URSA, obviously they don't
23 want to give up the space. They just want to live with a
24 little less space. Why don't we just get them to vacate
25 part of their space?

26 MR. THIEMANN: This is within a total area. In
27 other words, if it is a second-floor area with one entrance
28 at Pier 5, there is no way that I could rent space within

1 their area to somebody else.

2 COMMISSIONER ROTHENBERG: So we are really just
3 doing this as a favor to them, to facilitate their cash flow?

4 MR. THIEMANN: They save a couple of dollars for a
5 few months, or whatever, until they get another contract from
6 the government.

7 In other words, they are guaranteeing our rent.

8 COMMISSIONER ROTHENBERG: We are just going through
9 a nicety. They could probably do it behind our back and we
10 would never notice it?

11 MR. THIEMANN: Exactly.

12 COMMISSIONER ROTHENBERG: I will move approval.

13 COMMISSIONER BRIDGES: Second.

14 (The motion was carried unanimously: Commissioners
15 Bridges, Morrison, Rothenberg and Rudden - aye; Commissioner
16 Goldman - absent.)

17 MR. HUNTSMAN: Mr. President, we return to Item No. 6,
18 special order, presentation of Mario Ciampi on Ferry Building
19 development. Mr. Ciampi?

20 MR. MARIO CIAMPI: Mr. President, members of the
21 Port Commission, my name is Mario Ciampi, and I would like to
22 make a presentation to you of this material that we have
23 assembled here today.

24 Would it be possible if you would move here, and
25 we could walk along the back there?

26 (Commission members move to far side of table.)

27 MR. CIAMPI: Ladies and gentlemen, I am here before
28 you today to show you the work we have now completed, which

1 represents the completion of the first stage of work for the
2 Ferry Building project.

3 In our review of this original stage of the work
4 that we undertook, we concluded that it would require more
5 than just looking at the building in itself, but rather to
6 analyze the building in terms of its impact on the area and the
7 forces that impinge on it, and the reactions that would be
8 created within the building in terms of proper relationship
9 to imminent Port development.

10 In this analysis that we have done, which has been
11 extensive and in depth and comprehensive, we concerned ourselves
12 with just what the future of the Ferry Building was going to
13 be, what role would it play in its development in the com-
14 munity, how would the Ferry Building relate to potential
15 development around it, how would the Ferry Building be developed
16 in terms of those aspects of it which have to do with con-
17 verting it into a historic building, what decisions would have
18 to be made, made in terms of taking a building of this kind,
19 which was originally constructed as a transportation building,
20 and now to convert it into another use. What concerns would
21 there be for development of the building in terms of the
22 civic needs that the building would assert itself for, and the
23 role that the community would play in the development of the
24 civic part of it, and those areas, also, that would be con-
25 sidered for use for development and for economic income to the
26 Port.

27 So this, and a whole host of other considerations,
28 have led us into a development and study such as we are

1 presenting to you today.

2 Now, when one begins to reflect on the impact of all
3 of these questions which I have just brought before you in
4 a summarized way, then the question becomes, well, how do
5 you proceed to go about developing the project. From our
6 point of view, it would seem that there are about four areas
7 of consideration in the development of the building.

8 One has to do with the regional criteria, which
9 have to do with the impact which this building will have on the
10 area. By that I mean what happens all around here (indicating)
11 will have a great deal to do with what happens here.

12 Now, the building here finds itself in a very unique
13 position. As I mentioned before, this is a metropolitan
14 civic center. That is what it is. It is not a civic center
15 like you have in the City Hall area, which is San Francisco.
16 This is going to dominate the entire Bay Area and, as such,
17 needs to be considered in that context. If it does, then,
18 when you consider it that way, economic implications of the
19 development of the building become very significant. So the
20 regional criteria have a great deal to do with the way the
21 building will develop, and its economic returns.

22 The next area that we feel is significant in the
23 development of the building has to do with the urban setting.
24 The urban setting is another aspect of it, which has to do with
25 what happens to the building in its immediate vicinity, and
26 what happens in these areas has a great deal to do with the
27 economic development of the building. So this is very, very
28 important.

1 Another aspect of it has to do with what people
2 immediately, these days, who concern themselves with the devel-
3 opment of buildings, say, well, I have got a building, and
4 I want to remodel it. So I have got a building here. Let's go
5 ahead and remodel it, and turn their backs on these dimensions
6 and these concerns, which are critical to the development of
7 the building.

8 Now, this very superficial approach to the building
9 is no longer valid. It has been done this way in the past, and
10 the results have been mediocre, and the project has not re-
11 turned to the developer or to the owner the results that they
12 were entitled to. So to take any building out of context and
13 develop it by itself is a fallacious thing to do.

14 So fundamentally, we have then the development
15 within the building to consider, along with these other char-
16 acteristics, and when one begins to look at this part of it,
17 there are parts of it that belong to the City. There are
18 streets and byways and alleys and corridors and gallerias.
19 They don't belong to the developer. They belong to the City,
20 and the citizen wants to know where they are, how they relate
21 to beyond this development.

22 These are aspects of it that need to be evaluated
23 and analyzed before any judgments are made which surrender the
24 prerogatives of the Port to those parts of the building which
25 the developer may be interested in developing.

26 Taking these three aspects of it into account, we
27 finally get back to the fourth part of it, the major concern,
28 and that is economic feasibility. Now, we have economic

1 feasibility to consider in terms of the superficial point of
2 view: I have a building; I want to lease it; I will give it
3 to a developer; how much will you pay. That is the fast way
4 of doing it.

5 Or you can take it in terms of the regional environ-
6 mental setting it has, its urban relationships to land and
7 water, and then how does the City share in the development of
8 such a project.

9 When you look at that, then the economics begin to
10 result from this which begin to turn in which way the Port
11 should go.

12 Based on this approach, then, we did this work,
13 which, in the first phase of it, the regional criteria, not
14 only resulted in a plan like this, which begins to show that
15 a building today, which is hemmed in by a freeway and related
16 to the decaying piers and so on, might be opened up with
17 vistas north and south to the promenade and to the Bay and
18 the development project on the platform, people to the south,
19 all relate to the way the Ferry Building will dominate, in
20 a commanding way, a civic center of this dimension, which is
21 the focal point of the bay region.

22 In order to explain this better, we have developed
23 here a model, which shows visually what we are trying to say,
24 and begins to show what the influence of this development
25 would be around the Ferry Building and then, within that,
26 determine how the project should be developed, so that the
27 Ferry Building gains the most from whatever developments are
28 done, and also how the adjoining city relates to where the

1 Ferry Building is, and that all of this is considered
2 together and reasoned this way, which, from our point of view,
3 having lived with the development of this project now for a
4 number of months, have come to the realization that there have
5 been presented three scenarios for development of the water-
6 front. Consultants have been selected to do this study, and
7 this is all well and good.

8 The three scenarios that have been selected to be
9 studied are reasonable scenarios. We, from our point of
10 view, believe there is another scenario, the scenario which
11 we have before you here, which we consider the fourth scenario,
12 which we are offering to the Planning Department and to the
13 Port, and for artists to take into consideration for their
14 evaluation and study, to determine if the first, second, third,
15 or perhaps the fourth scenario has something in it which not
16 only would inure to the well-being of the Port, but also
17 enhance and improve the stature of the Ferry Building and, by
18 that, of course, add to the civic attraction and, in the
19 final analysis, economic return, which is the key to the
20 whole issue.

21 So we have prepared here for the Port now the
22 original plan and model for that consideration, and I would
23 hope that this is carried further.

24 Now, back to the urban setting here, it is important
25 that the work that has been done here be taken and considered
26 further, so this is not just ignored, but rather, when the
27 building is considered for development, that these components
28 of it around here are analyzed. We won't have time to get

1 into that today.

2 Here we have the plan, which we think is a reasonable
3 plan. This plan that we have developed is a Scheme B. We
4 presented a Scheme A to you about a month or two ago. This
5 new scheme we believe is a superior scheme.

6 In this scheme, we believe that this should be an
7 open passageway through the building, a street, if you will,
8 a continuation from Market Street onto the platform.

9 The platform, which you see here, which at the
10 present time is a desolate and inaccessible area, can be
11 one of the most valuable pieces of land in San Francisco. All
12 of us know land can be valuable if it is accessible.

13 The possibility of this land, which the Port has,
14 has enormous potential, and if that land is taken and con-
15 sidered from the point of view that it can be a marine plaza,
16 and that that marine plaza needs ready access, then we begin
17 to think in terms of opening up access through it by considering
18 it as a street, with gallerias and arcades.

19 Also, perhaps, in that we can experience perhaps
20 the most valuable asset the City has, not only historically,
21 but visually, the tower. The tower is the key to the Ferry
22 Building. The rest of it is kind of a run-of-the-mill historic
23 transportation building, with a fair facade here, but the
24 tower is a very valuable asset, and how can one generate a
25 consciousness of the tower as they move through the area, and
26 begin to create an exciting and dramatic environment, which
27 begins to draw people through here and magnetically take them
28 out here where money is to be made, because if you get people

1 out on the platform, then multimillion-dollar developments
2 can take place, as I have shown, in the regional design plan.
3 So this is a very important aspect of it.

4 The development of that street within could be a
5 project that opens up views with windows into the building
6 itself, and by doing that you can see here, by night especially,
7 people could walk through out here. They would be drawn to
8 it because it is a natural and attractive way to come through,
9 not only to come through onto the plaza, but also to have a
10 view of the water. So this would have magnetic appeal to the
11 people, and develop a dynamicism, and attraction that would
12 make this space very, very valuable, not as just the plain old
13 building we have here now, but as the focal point of the City
14 it becomes a series of islands that people can walk around
15 to get to other parts of the City.

16 If you think of it that way, this building could be
17 enormously valuable, and I myself don't know what the value
18 of this building could be for the future.

19 "But I do know that, in view of the amount of work
20 that we have done to date, endeavoring to do this as compre-
21 hensively as possible, mostly to try and open up before you
22 the dimensions and the potential and the opportunity that you
23 have in this building, perhaps I can summarize in a series of
24 recommendations that I am making.

25 I would like to go over these recommendations, that
26 these recommendations be considered and evaluated and judged
27 on the merit that they have.

28 Number one, I believe that at this point, since we

1 have done an economic analysis of the building already
2 ourselves, and this economic analysis that we have done gen-
3 erally indicates that this building would perhaps cost about
4 \$14,000,000 to remodel, to appear as you see it in the plan
5 here and the model, and that \$14,000,000, taken with the
6 outside work which you have to do, which is also a part of
7 the project development, both the interior and exterior in
8 this \$14,000,000 expenditure would yield the Port upwards of,
9 say, \$1,000,000 a year. And it could perhaps be a lot more.
10 We don't know, and this is where you get into the gray area,
11 and we, as architects, are not environmental economists,
12 either. This is another dimension that, like any consultant,
13 you have to take into account.

14 So the question then becomes, well, if this building
15 is going to yield, say, over \$1,000,000 a year, is it reason-
16 able for the Port to surrender control of this building and
17 give this \$1,000,000 a year to a developer. A developer will
18 surely take it, and if the developer takes the \$1,000,000 for
19 his return, what is left for the Port for its income from that?

20 I think the Port has a very important decision to
21 make. If it keeps the building, if it develops it itself,
22 and is its own project developer, the building now already is
23 leased in part, and there are other people interested in
24 leasing it, so I don't think you will have any trouble leasing
25 it, and then keep the \$1,000,000. Or is it more practical --
26 and this should be investigated, too -- to take the building,
27 after these judgments are made, which we have already done,
28 and release it to a developer? A developer may be interested

1 in developing the entire building, or the Port may say, but
2 we already have tenants for the second and third floors, and
3 therefore, perhaps the developer would only be interested in
4 the lower floor. These are all possibilities that need to be
5 explored.

6 In any event, the first recommendation would be
7 that an environmental economist be retained to take this study
8 which we have done, the economic study, one step further.

9 Number two, I think that the project has reached
10 the point now where it might be brought before the regulatory
11 agencies, and get their reaction to what we are saying might be
12 a direction to go, and get the Planning Department and the
13 Art Commission and BCDC and other groups that have jurisdic-
14 tion over it to give an opinion on it.

15 The next part of this project, and again, economic
16 feasibility depends on a very important component, and that is
17 accessibility, accessibility by pedestrians, accessibility by
18 public transportation, accessibility by automotive means.

19 It just happens that at the present time, we recommended
20 four years ago that a garage be built at Mission and Steuart.
21 That proposal that we made was given to the Downtown Parking
22 Corp., and today I just checked with the Downtown Parking
23 Corp. yesterday, and they said to me that, while the Department
24 of City Planning had not approved this as a site for a parking
25 garage, they now have reversed their position, and they are
26 now willing to give approval for this building to be construct-
27 ed as a parking garage.

28 You can well understand that if this space is going

1 to yield the maximum return that it should, a parking center
2 right here, contiguous to it, not only offers opportunity for
3 the people to have access to the building, but also gets the
4 parking out from under the freeway, and then you can unite
5 the park both to the north and to the south.

6 So the parking is not only valuable to the building,
7 for removal of parking, but it is necessary for the ferryboat
8 system, necessary for a big development down here. BCDC
9 doesn't want parking to be built out over the water. We have
10 investigated that. So this parking not only then would serve
11 the Ferry Building but the entire area, and it is very, very
12 critical, and I am delighted to hear that Parking Corp. is
13 now making progress with that.

14 Another aspect of access to the building, which again
15 affects economic returns, has to do with the transportation
16 system. At the present time we are part of a joint venture
17 to build a turn-around under the plaza here for the Muni
18 system which is underground.

19 Now, in our contract at the present time with Muni,
20 all we are to do is build a turn-around that will serve the
21 Embarcadero Station. No provisions have been made for a
22 station here at the Ferry Building.

23 Now, then, the reason I got involved in that
24 contract was simply to see if I could exert some influence
25 to try and extend the Muni system down into Embarcadero Plaza
26 in a way that would connect with the north-south transit
27 corridor, so that as time goes on, whether we can afford to
28 do it now, or we can make provisions for a Muni station at a

1 later date, we then would have connection of our major
2 transportation system, linking up directly with our north-and-
3 south transportation corridor.

4 I recommend at the present time that the Port
5 Commission take steps to contact the Public Utilities Commis-
6 sion and discuss with them what is concerned in this proposal.

7 Another aspect of it has to do with, I think it
8 would be proper for the Port not just to concern itself with
9 giving this project to a developer, but begin to study the
10 peripheral area right now, and determine what that is going
11 to be, so that, from its point of view, could be given to
12 consultants that are doing the entire study.

13 This is different from some of the projects that
14 have been talked about, because the building is already here,
15 and needs these judgments made around it, so that can be
16 taken and given to the consultant, and that all can be fused
17 together in a major overall master design plan which is coming
18 out next January.

19 Another aspect of it that should move immediately,
20 and I am recommending that this be done, at the present time
21 we are the architects for the construction of Phase III of
22 Embarcadero Park. We built Phase I in the early days. We
23 extended it when we did the Clay/Washington corridor. There
24 is a strip of land right in here that can be developed im-
25 mediately, which is part of this study, to extend the park
26 right up to the freeway on one side and then be picked up on
27 this side here. That should move immediately.

28 Another requirement here has to do with the

1 developer guidelines that need to be prepared to do the
2 project. Now, we ourselves have already prepared a set of
3 guidelines which we feel are credible to the development of
4 the project, and these guidelines transcend just what you
5 are doing here, but have to do with the guidelines that I
6 have just reviewed for you, and a developer would be very
7 interested to know that this was part of the development, so
8 I am offering that as something which could be built on and
9 continued.

10 The next question that the Port should begin
11 analyzing, as I mentioned earlier, should the Port give the
12 project to a developer, or should the Port keep it itself,
13 and this has to do with the environmental economist that would
14 have some influence on this, and also, how would the Port
15 finance it if it decided to keep it. The Port is in a difficult
16 financial situation, and to assume a \$14,000,000 indebtedness,
17 it is a substantial amount, and are there ways, are their
18 avenues by which this could be done? I think there are people
19 in the City who could tell us that, because I have had exper-
20 ience with such people in civic affairs.

21 Another part of it that I think should move imme-
22 diately, and that is, an application should be made to the
23 Federal Government for a grant. If this is going to be
24 declared a historic monument, there are ways of getting money
25 from the Federal Government to help with the restoration
26 of the Ferry Building, and I think that is something that
27 should be initiated right away.

28 Another characteristic that has to do with the

1 development of the Ferry Building has to do with now the
2 imminent inauguration of the Golden Gate Bridge ferryboat
3 system, which is going to come down on the BART platform,
4 and the ability of these people to get through the building
5 in some dignified and appropriate way, and I think it would
6 be appropriate somewhere soon to begin to tell the Golden Gate
7 Bridge system -- I have talked to some of their officials, who
8 are very concerned and would like to know -- how they are going
9 to get through. I think it would be appropriate to review this
10 with them as soon as you can.

11 Another characteristic that I think is important
12 has to do with the development of the Ferry Building, and again
13 I am referring to money and income for the Port, and that is
14 how this crosswalk is going to be developed out here. I don't
15 think it is appropriate to ask someone that is putting a
16 restaurant out here to do a landscaping job for a project which
17 has such enormous effect, both for the Ferry Building itself
18 and for development to the south, which is very substantial in
19 magnitude.

20 When you look at it that way, you aren't just
21 leasing the inside of a building, but in fact you can build
22 part of the building out on the pier and then you can lease
23 space all around the building. All of this is income to the
24 Port.

25 So it is very important for any of this landscaping
26 development that takes place on the platform to take these
27 dimensions into account.

28 Another consideration is the Embarcadero Freeway,

1 which you see here. So long as that stays there that is going
2 to reduce the value of what you can get from that building,
3 but at the present time I think what the Port should do is
4 initiate some kind of request for a federal grant for the
5 removal of the freeway. There are ways of doing this which
6 you can economically do, but I won't go into that today, but
7 I don't think it would be so difficult to remove that freeway
8 if action were initiated immediately.

9 Another characteristic here that is important, and
10 that is, not only now do you have money to do the south
11 promenade, but as long as the Government has given you money
12 to do the south promenade, there is no reason why an applica-
13 tion couldn't be made to do the north promenade.

14 Market Street comes down, opens up in a park. We
15 have one for the south and one for the north. One is equal
16 to the other, and I think we have got a one-armed situation
17 here. I think that should be considered by the Government
18 on that.

19 Now, there is another one, too, and that is, this
20 question of appraisals that came up. Now, it seems to me,
21 from my point of view, from the work we have done, I don't
22 see where appraisal of the building is so critical at this
23 time because, in the final analysis, the income from the
24 building is \$50,000 a year. This means the building is only
25 worth \$500,000. You don't have to do an appraisal of it to
26 know that.

27 If it is going to be developed for \$14,000,000 and
28 it yields a million and a half, that is what the building is

104
1 worth. So I don't think at this time to spend money for an
2 appraisal is a wise thing to do. It may come along later,
3 but at the present time I don't think it is necessary.

4 I think at the present time it would be a good idea
5 to do a historical analysis of the building. That is important,
6 because we don't have that, and I am not familiar with that,
7 really, and so I think, from that point of view, it should be
8 done.

9 I think from the point of view of the guidelines,
10 design guidelines, we have done the work, and it is available
11 to the Port for its use.

12 There is another situation that has come up, and
13 this is my last comment today, and that is, Fortune Magazine
14 has expressed an interest in doing a major story on the Ferry
15 Building. From our point of view, it isn't for us to say what
16 the Port should do, but in formulating its policies and making
17 its judgment, the national exposure across the country of what
18 the potential is here in one of the unique buildings of
19 America may be an opportunity to get this before the public at
20 large. I think you should consider this.

21 These are the items I have. Thank you for your
22 indulgence. I am sorry I have taken so long.

23 PRESIDENT RUDDEN: Thank you very much.

24 COMMISSIONER MORRISON: As I understand it, these are
25 critical policy considerations that stand at a certain stage,
26 and then go out to developers and ask them for their quali-
27 fications. I would like to move at this time, Mr. President,
28 the Ciampi presentation and the completed material he has

1 submitted be submitted to the staff for their analysis and
2 their possible inclusion of ideas and concepts for this study
3 in our objectives that take to the developers, and by which
4 we will judge development schemes.

5 COMMISSIONER BRIDGES: I second that.

6 (The motion was carried unanimously: Commissioners
7 Bridges, Morrison, Rothenberg and Rudden - aye; Commissioner
8 Goldman - absent.)

9 (Whereupon the meeting was adjourned at 1:05 p.m.)
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SAN FRANCISCO PORT COMMISSION

Minutes

REGULAR MEETING

April 26, 1978

MAY 10 1978

DOCUMENTS DEPT.
S.F. PORT COMMISSION

Board Room

Ferry Building

Reported by:

SARAH W. HUNTER

SINCE 1931
HOTCHNER REPORTING SERVICE
DEPOSITION NOTARIES

HEARST BUILDING
THIRD AND MARKET
SAN FRANCISCO, CALIFORNIA 94103

PHONE 434-1055

1 COMMISSIONERS PRESENT:

2 James J. Rudden, President

3 Harry Bridges

4 Richard N. Goldman

5 Jack Morrison

6 Alan E. Rothenberg

7
8 COMMISSIONERS ABSENT: None

9
10 ALSO PRESENT:

11 Julius E. Herren, Director, Finance & Administration

12 James E. Huntsman, Secretary

13 William Lynch, Deputy City Attorney

14 Anthony J. Taormina, Deputy Port Director

15 Harry J. Thiemann, Commercial Property Manager

16 C. L. Vickers, Jr., Chief Engineer

C O N T E N T S

		Page
1.	Call to order	1
2.	Approval of minutes	1
3.	Executive Office Report	1
4.	Report of Bureau Chief, Finance & Admin.	4
5.	Consent calendar	21
6.	Lease with Thomas Gentry for ferry boat FRESNO at Pier 1	22
7.	Administrative Resolution A108-66 re Brinks, Inc.	42
8.	Report on installation of sidewalk stands at Fisherman's Wharf, Guardino's Gift Shop	51
9.	Lease with Bay Area Marine Institute at Seawall Lot 345	52
10.	Reconsideration of declaring 20,000 square feet of Pier 35 surplus to commerce, naviga- tion, fisheries and aviation	53
11.	Request of North Point Pier Inc. to lease portion of Pier 35	53

P R O C E E D I N G S

PRESIDENT RUDDEN: May we come to order, please?

MR. HUNTSMAN: Good morning, Mr. President.

Request your approval of the minutes of the March 28 meeting, which was a continuation of the Regular Meeting of March 22, 1978. A copy of these minutes was sent to you under separate cover.

COMMISSIONER ROTHENBERG: So move.

(The motion was seconded, and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

MR. HUNTSMAN: Item No. 3, an Executive Office report by the Acting Port Director, in this case the Deputy Port Director, Mr. Taormina.

MR. TAORMINA: Mr. David has asked me to make a number of announcements.

On May 22 the Annual Seamen's Memorial Services will be conducted at the "C. A. Thayer", at the San Francisco historic ships. The Port will be participating, and the Commission will be invited to participate in the ceremonies for seamen lost at sea.

On May 24 the Port is going to be visited by the Undersecretary of the United Kingdom Department of Industry and Trade, and Mr. Richard Goss, who will be coming to the Commission meeting, will be introduced to the Commission. He is here on a fact-finding mission for the United Kingdom.

COMMISSIONER BRIDGES: Who was that second one, Tony?

1 MR. TAORMINA: Mr. Richard Goss, who is visiting
2 our Port. He is the Undersecretary of the United Kingdom
3 Department of Industry and Trade.

4 Also, the Port has received notice on March 23 that
5 we have received a \$10,000 grant from Prop. J, the open space
6 acquisition fund here in San Francisco, for development of
7 four quarter-parks along the Embarcadero. We will use these
8 funds to purchase and install benches and trees and other
9 landscape materials, as well as trash containers, which will
10 be located along the Embarcadero.

11 Our Engineering Department is currently preparing
12 possible locations in a scheme which we will present to the
13 Commission before we appropriate the funds.

14 COMMISSIONER GOLDMAN: How much are we getting?

15 MR. TAORMINA: Ten thousand dollars.

16 I understand, also, we will get another \$10,000 next
17 year as part of our request.

18 COMMISSIONER GOLDMAN: Is this an ongoing thing?

19 MR. TAORMINA: Prop. J is an ongoing thing on a yearly
20 basis.

21 COMMISSIONER GOLDMAN: So we will get \$10,000 each
22 year?

23 MR. TAORMINA: Right now they have only budgeted
24 \$10,000 this year, and they are anticipating another \$10,000
25 next year.

26 COMMISSIONER GOLDMAN: Are we scheduling whatever our
27 uses to be presented to the Commission?

28 MR. TAORMINA: Yes.

1 Mr. Vickers has prepared a schedule of dates
2 concerning our promenade design and implementation, and I
3 would like to pass that out to members of the Commission.

4 Also, on May 2, the legislation concerning the Port
5 forgiveness will be heard by the Policy Committee of the
6 Assembly Committee, the first hearing on our bill. The Mayor
7 will be making the primary presentation on behalf of the City
8 and County of San Francisco.

9 Finally, we have been requested to send material to
10 the Urban Consortium, which is a group of 25 local governments
11 which put on an exhibit, a two-day session in Washington,
12 which basically shows areas which are available for develop-
13 ment in the 25 local governments.

14 It is a two-day conference attended by developers,
15 and we will be reviewing their requests for sit marketing
16 guides, and we will be supplying that to Mr. Evers, who will
17 be forwarding it to the Washington.

18 If any of the commissioners have any ideas or are
19 interested in helping us to put together some of the sites,
20 we have this information, and will talk to you individually
21 after the meeting.

22 That is our announcements.

23 COMMISSIONER MORRISON: What is the progress on our
24 budget?

25 MR. TAORMINA: I believe Mr. Herren will address
26 that in his report.

27 COMMISSIONER MORRISON: Thank you.

28 MR. HUNTSMAN: Item No. 4, report of the Bureau

1 Chief, Finance and Administration, Mr. Herren.

2 MR. HERREN: Good morning, Mr. President, members of
3 the board.

4 I would like to inform you gentlemen of our plan to
5 complete our audit and financial statement for fiscal year
6 1977-'78 not later than October 15, 1979. This will be suf-
7 ficient time to meet all of our Bank of America bond covenants.

8 We are going to invite the auditors in in July to
9 make their first one, and we want to have them back here
10 by August 1 to complete to complete the quarter on time. This
11 will be the first time in several years it has been done.

12 Also, we will furnish the Commission a copy of our
13 Management Letter next week. We hope to get it out by the
14 middle of the week, and it should be in your hands by next
15 Thursday.

16 The budget is still in the hands of the Board of
17 Supervisors. I understand that they were meeting in executive
18 session yesterday, and they were going back to it today with
19 a fine-tooth comb.

20 Now, the Mayor reduced our budget by \$421,288. We
21 have no idea what the Board of Supervisors are going to cut
22 out. We just have to wait and see. We should get the report
23 back the latter part of May or the first of June.

24 In the interim, if we can determine what they did,
25 we will bring it to the board.

26 COMMISSIONER BRIDGES: What was that note I saw
27 yesterday somewhere about --

28 COMMISSIONER GOLDMAN: Number one, what is the

1 status of the payments by PFEL since they declared bankruptcy?

2 MR. HERREN: They only made one payment, and that
3 was in February. They haven't made any since they they were
4 bankrupt. We got one payment on the first of February. That
5 is all they have made.

6 COMMISSIONER GOLDMAN: How does that relate to our
7 ability to meet the commitments that you indicated we would
8 be able to meet to the Bank of America? Are you taking into
9 consideration the possibility we will receive no more money
10 from PFEL?

11 MR. HERREN: Yes, sir. Our cash flow today is
12 sufficient to take care of the Bank of America for the remainder
13 of this year, fiscal year.

14 I am hoping that we will have a surplus. It looks
15 like we will have a small surplus at the end of the year.

16 COMMISSIONER GOLDMAN: You mean, as I understand,
17 we will have a surplus in spite of the fact we only received
18 one month's payment from PFEL?

19 MR. HERREN: That is correct. There is a good
20 opportunity for us to collect the \$200,000 that we had on bond.
21 We have filed for it, and we hope to get that within the next
22 30 days.

23 COMMISSIONER GOLDMAN: Is that a bond that they --

24 MR. HERREN: That is a bond that they put up.

25 COMMISSIONER GOLDMAN: They put up a bond, and they
26 failed to comply?

27 MR. HERREN: That is correct.

28 COMMISSIONER GOLDMAN: Once we collect that, where

1 do we stand?

2 MR. HERREN: Well, we will credit their account with
3 \$200,000.

4 COMMISSIONER GOLDMAN: But when will this all end?

5 MR. HERREN: Well, we should have it now. PFEL had
6 not approved it the last time I talked with them, and I
7 believe Mr. Lynch called Orsi, didn't you, and asked him about
8 it?

9 MR. LYNCH: I talked with Bernie Orsi yesterday,
10 and he first of all reminded me that in the settlement
11 approved by the bankruptcy court, out of that settlement we
12 intend to pay the Port \$197,000.

13 Secondly, I asked him to please verify that he owed
14 the Port in excess of \$200,000, as requested by Allstate
15 attorneys. Allstate is the bond-issuing company in this case,
16 and as soon as he verifies that, it is my understanding that
17 Allstate will then pay us the \$200,000 on his bond, in
18 addition to the 197 that Bernie says he will --

19 COMMISSIONER GOLDMAN: Well, my concern is, what
20 are our responsibilities and what are our rights in regard to
21 the failure of them to meet the obligations since February,
22 forgetting that there was a recent court announcement that
23 the funds were going to be distributed in a certain way?

24 The fact is that as of February whatever it is,
25 they are in arrears in paying under an agreement of their bank-
26 ruptcy filing. I don't know what the legalities of that are,
27 or what are our responsibilities.

28 MR. LYNCH: What our options are?

1 COMMISSIONER GOLDMAN: Or what our options are.

2 MR. LYNCH: Right. First of all, as I said before,
3 the bankruptcy court has complete control of the situation.
4 We can't do anything without the court's approval. I dis-
5 cussed this two days ago with our counsel, and our counsel
6 advises that the judge has indicated a willingness to give
7 Bernie Orsi a chance to put his ten-point plan into effect,
8 by which Orsi has indicated that he hopes that PFEL will be
9 making money by mid to late summer, and our counsel has
10 advised us that it would probably be a useless act to take
11 any action terminating our lease at this time.

12 If we terminate that lease, PFEL doesn't have a
13 chance of producing by the summer.

14 COMMISSIONER GOLDMAN: But that is an option? In
15 other words, we really have two options. One is to continue
16 to ride out, and the other is to call --

17 MR. LYNCH: To request that the Port reject the
18 bankruptcy terms, which means terminate the lease. Our
19 counsel advises us, in light of the court's recent ruling,
20 that it would be a useless act to petition the court at this
21 time.

22 COMMISSIONER GOLDMAN: So that the legal advice
23 we have received is not to take up the option to terminate?

24 MR. LYNCH: That is right.

25 COMMISSIONER ROTHENBERG: It sounds like we are
26 caught in a classical Catch 22, because we have a tenant who
27 cannot pay his rent, and our belief is that we really don't have
28 the power to evict the tenant. Therefore, our option is to

hang with the tenant, since we can't evict him, and that means that in each successive month those liabilities will grow larger, and we are hoping that at some point through this trail we will begin to see some recovery.

But it sounds like even to the extent we make a decision of the board, that we feel that from the Port's fiscal situation we feel we would be better advised to seek a new tenant, we are denied that option.

What I am curious about is whether we get any comfort in any way, shape or form from the bankruptcy referee, who essentially is forcing us to keep on the tenant, to compensate us for the fact that each month we keep on the tenant we have far greater liability than most of the other creditors who made an initial transaction with the line, such as the lessors and others, where the company continues to hold on to a piece of equipment, but it essentially is a one-time activity, where in our case we are being injured each and every month.

What I am curious about is how the bankruptcy referee can tell us that we are required to keep on a tenant who is not making his payments, and yet do nothing to offer us any comfort, that somehow the bankruptcy referee recognizes how critical we are to the future success of the line. that somehow they are not going to divert some funds to help us meet our financial needs.

I notice the bankruptcy referee seemed to take great concern over the obligations of the pension fund, and then essentially cashed out of this transaction, but I think our

1 position is just as precarious, and seems to be far more
2 critical to PFEL's success, and I find it sort of astonishing
3 that, on the one hand, he can tell us we don't have the right
4 to order our tenant out, but on the other hand, he won't do
5 anything to sort of give us comfort or protect us in the event
6 the strategy he is following with the company fails.

7 Do we have no options?

8 MR. LYNCH: Our two options are to ride with PFEL --

9 COMMISSIONER ROTHENBERG: What you are telling me is,
10 we don't have two options. What I am curious about is, if
11 we follow the only real option, which is to ride out the
12 company, can't we get any comfort from the bankruptcy referee
13 that if this, the bankruptcy referee's plan, which is
14 probably PFEL's plan, fails, that somehow he is going to
15 somehow divert assets to meeting their obligations to us,
16 since very month we are forced to continue in that transaction?
17 We suffer a greater and greater loss.

18 MR. LYNCH: At the present time, Orsi has said he
19 is going to pay us \$197,000, one month's rent, out of the
20 settlement. By doing that, he is giving us a preference above
21 many other creditors.

22 COMMISSIONER ROTHENBERG: That would be the March
23 payment?

24 MR. LYNCH: If it was going back, yes.

25 COMMISSIONER ROTHENBERG: And the Allstate payment,
26 we can't apply it towards last year's payments?

27 MR. LYNCH: You can apply it to whatever you want.
28 The \$200,000 goes for any month that the company was in arrears.

1 COMMISSIONER ROTHENBERG: I guess my question is
2 purely because of my ignorance of the law, how the bankruptcy
3 referee can simply order us to take one posture, which is
4 injurious to the Port, without doing anything from his position
5 to somehow give us some comfort that if he guesses wrong he
6 will --

7 I think we are the only creditor to whom new injury
8 is being done every month, because essentially it is as if we
9 were a bank being ordered to advance more funds every month.
10 We are being ordered to do that by not being able to collect
11 our rent, whereas all the other creditors are locked into a
12 static position. They are still trying to collect on past
13 obligations.

14 MR. LYNCH: They are continuing obligations. The
15 company does have control and possession of the assets of
16 that sort, but the containers and other facilities are con-
17 tinuing.

18 COMMISSIONER ROTHENBERG: But they are not being
19 asked to release new containers to the company.

20 MR. LYNCH: We are not offering a new pier, either.

21 COMMISSIONER ROTHENBERG: No, but we are chipping in
22 another \$200,000.

23 (Several voices at once.)

24 COMMISSIONER ROTHENBERG: We have two options, but
25 the judge has told us he won't let us do the second one.

26 COMMISSIONER BRIDGES: He won't let us do it. In
27 other words, is that the ruling?

28 MR. LYNCH: We have never asked him, but our bankruptcy

1 counsel has said that if we ask him now it is going to be a
2 useless act, because the judge, in his prior ruling, has
3 indicated that, once he gives the company a chance until
4 July --

5 COMMISSIONER BRIDGES: We do, too, but I am saying,
6 there is a difference. Say, look, here is the best course.
7 Here is what we advise you to do, as against here is what we
8 order and instruct you to do.

9 Now, do we have a choice here, in other words?

10 Here is where we are. There is the lease there, and
11 so forth, and so on. So we can toss them out, if we assume
12 we can find another customer. I want to know, is the court
13 ordering us, saying here is what you can do?

14 MR. LYNCH: No. The court couldn't order until we
15 ask them for it. We would have to ask the court. However,
16 it is unlikely the court would allow us to toss them out.

17 COMMISSIONER BRIDGES: That is what I am trying to
18 find out. Now, is the court saying that? The court is saying
19 you can't toss them out?

20 MR. LYNCH: We haven't asked the court yet. Our
21 counsel is saying that it is not an opportune time to ask the
22 court.

23 COMMISSIONER BRIDGES: We have been over this
24 ground before, as far as landlords.

25 COMMISSIONER GOLDMAN: Let me ask a question, a
26 practical question.

27 There are two subtenants at Pier 96, Farrell Lines
28 and Columbus Lines. They are, I presume, using those facilities

12
1 right now. When they use those facilities, to whom are they
2 paying their charges, and how does that relate to anything we
3 do or do not receive?

4 MR. LYNCH: Their subtenants' agreement are with our
5 tenant, PFEL. As such, those payments are an asset of the
6 corporation. As such, the court has jurisdiction over those
7 assets. We cannot obtain payment from our subtenants unless
8 the court so orders.

9 COMMISSIONER GOLDMAN: Well, here is what I would
10 like Mr. Lynch to do, Mr. Chairman. Have him report back to
11 us at the next meeting, having taken this up with our special
12 counsel and pointing out to him that they are in arrears. Not
13 only are they in arrears, but there are two subtenants who,
14 if we had control of that facility, would be paying those
15 fees to us, and those monies are going into PFEL. It is the
16 most ludicrous thing I ever heard of, and if we are getting
17 advice to just ride this thing out while we are losing the
18 money that should be coming to us from people who are using
19 that facility, I have a great deal of trouble with that.

20 If that is the advice, then we will hear it, but
21 I want that point presented.

22 PRESIDENT RUDDEN: How much is involved in that?

23 MR. TAORMINA: We have estimated it is about
24 \$1,000,000, the subtenants.

25 MR. LYNCH: I think it is only about \$500,000.

26 COMMISSIONER GOLDMAN: A million dollars when?

27 MR. TAORMINA: You are talking about the income to
28 be derived from Farrell and Columbus. Our estimate of what

1 the straight tariff would be if they were paying directly to
2 us.

3 COMMISSIONER GOLDMAN: How much are they paying a
4 year to PFEL?

5 MR. TAORMINA: I am not privy and I do not think we
6 are privy.

7 COMMISSIONER GOLDMAN: What is our estimate?

8 MR. TAORMINA: Our estimate is about a million a
9 year.

10 COMMISSIONER GOLDMAN: A million dollars a year
11 being paid by those two lines to PFEL?

12 MR. LYNCH: I have heard a figure of between 300
13 and 500 thousand.

14 (Several voices at once.)

15 COMMISSIONER GOLDMAN: And that money is being fed
16 into PFEL, and we are still being advised to ride it out? I
17 can't believe it.

18 COMMISSIONER MORRISON: Mr. President, I think we
19 ought to clarify a point here. As I understand Mr. Taormina,
20 he is saying that if Columbus and the other line were our
21 tenants they would be paying us \$1,000,000 a year. We don't
22 know how much they are paying PFEL.

23 COMMISSIONER GOLDMAN: Wait a minute.

24 COMMISSIONER MORRISON: If they were paying wharfage
25 and dockage to us, it would come to \$1,000,000 a year.

26 COMMISSIONER GOLDMAN: If it came directly to us.

27 (Several voices at once.)

28 COMMISSIONER GOLDMAN: But it is going to PFEL,

1 whatever it is, and yet we are advised to ride this thing out
2 with PFEL. I don't think we are getting very good advice.

3 MR. LYNCH: This is what our bankruptcy counsel
4 came here and talked about in executive session.

5 COMMISSIONER GOLDMAN: He is a human being, like all
6 of us. If he can't figure that out, then maybe we made a
7 mistake.

8 MR. LYNCH: I want to explain that the court has
9 control over those assets. Here is how the court looks at it.
10 The company is not going to make it unless it gets all income
11 that it is entitled to, and the court is not going to say,
12 we are going to take that 300 or 500 thousand a year, whatever
13 it is -- and my understanding from talking with Ed David was
14 between 300 and 500 thousand, that the two subtenants together
15 paid PFEL. If we take that money away from PFEL, PFEL is not
16 going to make it.

17 COMMISSIONER GOLDMAN: Forget that, Bill. What we
18 are doing is contributing the money to PFEL while it moves
19 along hopeful of coming out. We have got an asset there.
20 We have got an obligation to the community we represent, and
21 yet we are being told to let that money flow into PFEL, which
22 is in bankruptcy, rather than make some kind of arrangement
23 with the court, just on the strength of those two tenants,
24 that they be tenants of ours, in other words, that we have
25 control over their use of that facility and they would pay us,
26 to which I think we are properly entitled. I don't know how
27 you work out the details.

28 MR. LYNCH: That is it. That is the problem.

1 COMMISSIONER GOLDMAN: Then we have to weigh this
2 thing. If it is a question of latching onto those funds and
3 maybe forcing PFEL into bankruptcy, that is a decision we
4 have to deal with based on legal advice to us, but only until
5 I asked that question did I have any idea of the kind of
6 money that was flowing into PFEL from Farrell and Columbus.

7 MR. LYNCH: The point I want to make is --

8 COMMISSIONER GOLDMAN: It has never been mentioned
9 to this Commission, as far as I know.

10 MR. LYNCH: The point I want to make is that the
11 final decision is not up to the Commission, but is up to the
12 court.

13 COMMISSIONER GOLDMAN: That's okay, but we should
14 go on record with the court.

15 MR. TAORMINA: I want to clarify a point. We based
16 our estimates on the tariff charges, the figure that I gave
17 you. We can't say that that is the money that is flowing into
18 PFEL at this particular time.

19 COMMISSIONER GOLDMAN: I don't care if it is \$200,000.
20 It is still the same matter.

21 PRESIDENT RUDDEN: Are there any other items that
22 are in that same category?

23 COMMISSIONER GOLDMAN: I have some other questions,
24 Mr. Chairman.

25 MR. LYNCH: May I suggest one thing on PFEL? Can I
26 then bring our bankruptcy counsel to discuss this matter at
27 the next meeting? Would that be agreeable to the Commission?
28 And I would suggest it be an executive session.

1 COMMISSIONER BRIDGES: It seems to me, leaving aside
2 the bankruptcy bit and the legal aspects, here is where we
3 were two years ago. PFEL, before the Alioto family bought
4 it out, over a million dollars, a million two, I think, we
5 were facing the same issue then, with no bankruptcy court at
6 all. We could have moved in and foreclosed, tossed PFEL out,
7 seized their ships and what have you, and got our money.

8 We had to face what we are facing now. If we let
9 them continue on, they might recover, and we might get our
10 money, which they eventually did. Another firm bought out the
11 half interest, that is, the Alioto family bought out the half
12 interest, and they sold a couple of ships, and we got our
13 money. So our judgment was right then, and there was no
14 bankruptcy at all.

15 It seems to me we are in the same situation now,
16 except the court is here. They have got a couple of ships
17 laying around here, like the MARIPOSA and MONTEREY. We could
18 grab them, because they are right here, but the court say no
19 dice.

20 It adds up to giving them a chance to survive, and
21 eventually, we gamble and they might pay our bills together
22 with the others. That is the real issue. Right?

23 MR. LYNCH: That is the real issue.

24 COMMISSIONER BRIDGES: And that is what the bank-
25 ruptcy court is saying, in effect, we can't order you to do
26 this. They have got control of the assets. But their advice
27 is, look, give them a chance and they might survive. Is that
28 it?

1 MR. LYNCH: Well, the court can order it. If we
2 ask the court that we want to kick PFEL out, the court can
3 say, no, we are not going to let you do it.

4 COMMISSIONER ROTHENBERG: Well, we really have three
5 issues. The Port has a continuing obligation to make payments
6 on the bond obligations which were issued. There is no way
7 we can avoid that obligation, so we have that continuing cash
8 drain.

9 Two, the questions is about continuing tenancy,
10 which is a function of which way are we better protected in
11 terms of that continuing cash drain.

12 Then there is a third questions, which is that we
13 currently know that PFEL is subletting the equivalent use of
14 portions of that pier and keeping those profits.

15 Essentially, what is happening is that they are
16 using our facilities, for which they are not paying us, and
17 they are earning revenues on it which are not flowing through
18 to us.

19 So I think there are three separate issues, and
20 perhaps by resolving one or two of them the other one doesn't
21 become so critical.

22 But I think with each month, you know, Bernie says
23 at the end of summer you should see the swans, and I am just
24 worried about then we will be talking about waiting for the
25 snow to fall. It is a long time since it snowed in San
26 Francisco.

27 What I am trying to establish is at what points we
28 are going to be able to make some financial decisions, because

1 the interest clock and the principal payment clock continue
2 to run.

3 MR. LYNCH: I think the best way to handle this is
4 if I bring our bankruptcy counsel to the next meeting, so
5 that the commissioners can put all these questions to him.

6 COMMISSIONER GOLDMAN: May I suggest it be a separate
7 meeting. If it is going to be an executive session, let's not
8 confuse it with a meeting.

9 (Several voices at once.)

10 MR. LYNCH: Do you want a special meeting?

11 PRESIDENT RUDDEN: Yes. But I would like to add to
12 what Dick said on this other, and go into any other item that
13 might be paid to them, so that we have a pretty good idea
14 as to the total amount we are talking about. We did on 35,
15 and we are getting that money, are we not? We are getting
16 money from California Stevedore and Ballast? So that is
17 cleared up. Maybe we can go on to clear up another.

18 COMMISSIONER BRIDGES: We have still got a million
19 plus.

20 COMMISSIONER ROTHENBERG: Mr. President, maybe when
21 we do this in executive session, Mr. Herren touched briefly
22 on the Management Letter from our auditors. Maybe we could
23 take that matter up in the same executive session.

24 (Several voices at once.)

25 PRESIDENT RUDDEN: Okay. I wanted to alert our
26 counsel as to some of the things that we would like to know
27 about, and we are a little bit vague on some of the things.

28 MR. LYNCH: You want to know all monies that PFEL

1 is receiving.

2 PRESIDENT RUDDEN: Yes, and I would like to know if
3 we can't transfer some of those items, like we did with
4 California Stevedore and Ballast.

5 COMMISSIONER BRIDGES: There is one thing the
6 bankruptcy lawyer can't tell us, and that is up to us -- it
7 can be talked about legally, of course -- the main decision
8 is, do we take a gamble with PFEL and what Bernie says, give
9 us a chance and we will survive and start to pay you. That
10 is the key decision.

11 COMMISSIONER GOLDMAN: Excuse me. First of all,
12 I question whether this particular issue should be in exec-
13 utive session. I think it should be a public meeting. I see
14 no reason it shouldn't be.

15 Secondly, I don't like to use the word gamble, and
16 I remember saying at the beginning, I will gamble with my own
17 money, but not with the City's money, and I think that we
18 have to weigh that.

19 But I think that it would be perfectly proper to
20 have this matter brought to us at the next regular meeting
21 and presented by the counsel, and discussed in open session.

22 MR. LYNCH: Whether or not you go into executive
23 session is up to the Commission. I would only recommend
24 executive session, since legal strategy and legal tactics may
25 be discussed, and there is no sense in advertising that. Of
26 course, it is your decision in the final analysis, but we can
27 hold an open session, and if it looks like it is getting into
28 tactics and strategy, then the Commission may want to

1 reconsider.

2 COMMISSIONER GOLDMAN: If strategy is involved, we
3 will up separately. All we are looking for is facts and
4 alternatives at the next meeting.

5 MR. LYNCH: So we will schedule that at the next
6 meeting.

7 COMMISSIONER BRIDGES: Open session. Right?

8 COMMISSIONER ROTHENBERG: And then we can have an
9 executive session afterwards to discuss this other matter.

10 PRESIDENT RUDDEN: I think, if there isn't any
11 legal strategy that might harm us in future relations, it is
12 perfectly okay.

13 COMMISSIONER GOLDMAN: I have another couple of
14 questions of Mr. Herren.

15 Last year in our budget we requested and received
16 the right to hire four more accountants to staff up your
17 department. What happened?

18 MR. HERREN: There will be a full explanation in
19 this Management Letter on that, Mr. Goldman. I think you
20 will be real happy with what we have done.

21 COMMISSIONER GOLDMAN: Are you sure?

22 MR. HERREN: I think you will.

23 COMMISSIONER BRIDGES: One more point. I noticed,
24 and this would bear on the Board and the budget, we had
25 \$450,000 for a new fireboat. Anything more on that one?

26 MR. HERREN: No, sir, not since --

27 COMMISSIONER BRIDGES: This was the Mayor's recom-
28 mendation, wasn't it?

1 MR. HERREN: No, sir. That was the Board of
2 Supervisors, Quentin Kopp. He was the one that suggested
3 that. He made the statement he was going to ask for a legal
4 opinion from the City Attorney as to whose responsibility
5 the fireboat was.

6 COMMISSIONER BRIDGES: There has been no decision
7 on that request as yet?

8 MR. HERREN: No, sir, they have not.

9 PRESIDENT RUDDEN: Okay.

10 MR. HUNTSMAN: Item No. 5, consent calendar. All
11 matters listed hereunder constitute a consent calendar, and
12 are considered to be routine by the San Francisco Port Com-
13 mission, and will be acted upon by a single roll-call vote
14 of the Commission. There will be no separate discussion of
15 these items unless a member of the Commission so requests,
16 in which event the matter shall be removed from the consent
17 calendar and considered as a separate item.

18 Item 5.a, request approval of License and Lease
19 Nos. L9838 through 9849.

20 Item 5.b, request approval of various maintenance
21 projects exceeding \$10,000 each: Item b(1), reconstruct the
22 fender system at Pier 29; Item b(2), reconstruct fender
23 system at Pier 90, inner end; Item b(3), reconstruct sub-
24 structure at Pier 90, inner end, depressed track area;
25 Item b(4), remove a portion of old Pier 6 at Alvord Grant,
26 Pier 70; Item b(5), repair substructure, Wharf J-9, Pier 49,
27 Fisherman's Wharf.

28 COMMISSIONER ROTHENBERG: Mr. Chairman, I would like

1 to break out 5.b if we can, because I would like some
2 discussion on it.

3 COMMISSIONER GOLDMAN: I also would like to ask
4 questions on 9847.

5 MR. HUNTSMAN: We will remove 5.b, and it will now
6 become Item 12, and the other one, Mr. Goldman?

7 COMMISSIONER GOLDMAN: 9847.

8 MR. HUNTSMAN: The last lease.

9 MR. TAORMINA: The Pier 35 license to California
10 Stevedore and Ballast.

11 MR. HUNTSMAN: Lease 9847 is removed from the consent
12 calendar and now becomes Item 13.

13 COMMISSIONER MORRISON: Move the balance of the
14 consent calendar be approved.

15 COMMISSIONER ROTHENBERG: Second.

16 (The motion was carried unanimously: Commissioners
17 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

18 MR. HUNTSMAN: Item No. 6, unfinished business.
19 Request approval of lease with Thomas Gentry, ferry boat
20 FRESNO at Pier 1. Mr. Thiemann.

21 MR. THIEMANN: Yes. I sent to the Commission an
22 explanation of what is in the lease, and the lease was de-
23 livered to your offices yesterday morning. Unfortunately, the
24 duplicating machine had a failure.

25 There is an explanation of what is in the lease in
26 my back-up material. The tenant will be Thomas H. Gentry,
27 doing business as the ferry boat FRESNO.

28 At this time the location is on the south side of

1 Pier 1, inner end. However, in the lease we reserve the
2 right for the Port to have the tenant, at his expense, move
3 the ferry boat to another location if the Port elects to do so.

4 COMMISSIONER MORRISON: Mr. President, may I
5 interrupt you there?

6 Mr. Thiemann; we reserve the right to require the
7 vessel to be moved to another location in the Ferry Building
8 Area. How do you define "Ferry Building Area"?

9 MR. THIEMANN: That would be the area that is
10 defined by the Planning Commission in its Northeast Waterfront
11 Plan. May I read this to you?

12 COMMISSIONER MORRISON: It doesn't say.

13 MR. THIEMANN: It says: "BCDC Special Area Plan
14 requires the development of many plans, designated Total
15 Design Plans, for certain specified areas of the waterfront.
16 One such is known as the Ferry Building Area. Before the
17 preparation and adoption of such a total design plan for the
18 Ferry Building Area, Port shall retain the power, at the cost
19 and expense of tenant, to require relocation of the ferry boat
20 FRESNO, so long as said relocation is in the Ferry Building
21 Area as defined in the Bay Area Special Plan."

22 COMMISSIONER ROTHENBERG: Maybe Mr. Meyers can
23 tell us.

24 COMMISSIONER MORRISON: It just slips my mind,
25 Mr. President, the location of the Ferry Building Area.

26 MR. THIEMANN: Oh, I am sorry.

27 MR. ROBERT MEYERS: Just to insert something in
28 there, instead of saying Ferry Building Area you could say

1 Total Design Plan Area, which is the north side of Pier 7
2 through the south side of Pier 24.

3 COMMISSIONER MORRISON: Well, is that the Ferry
4 Building Area?

5 MR. MEYERS: That is considered the Ferry Building
6 Area for planning uses by the BCDC and by our Northeastern
7 Waterfront Survey, and that is the Ferry Building Area.

8 COMMISSIONER MORRISON: Mr. President, and
9 Mr. Thiemann, I don't think the options should be that wide.
10 It seems to me the vessel should be berthed very near the
11 Ferry Building, and I would be quite willing to restrict the
12 options to Pier 1 and Pier 3.

13 MR. THIEMANN: Mr. Healy, do you have any objection
14 to the lease the way it is written?

15 MR. JAMES HEALY: May I address myself to the
16 Commission?

17 Mr. President, I have chatted with Ed David about
18 this very thing, and we talked about the possibility of
19 berthing bow-to along the promenade, which may, at some point,
20 be a darn good idea. We just don't know. It is going to
21 depend on what the consultants decide.

22 I have no aversion to that, anywhere from here to 24,
23 once all that debris is whipped out. It may well be a likely
24 location.

25 I like the one we have got, but we are flexible.

26 COMMISSIONER MORRISON: Mr. President, the Northeast
27 Waterfront Plan prescribes the area for historic vessels as
28 Pier 1 and Pier 3. I don't think at this stage we should be

1 talking about expanding that area to Pier 24.

2 COMMISSIONER GOLDMAN: Mr. President, I have
3 trouble dealing with this issue in such detail at this time,
4 when this study is under way. The reason I have this dif-
5 ficulty is that we have a study going on. Even though right
6 now it is Pier 1 and Pier 3, we can't determine in our minds
7 what they may come up with in the study that might expand
8 upon that, and for reasons which may be presented.

9 I am troubled by the fact that, even though we do
10 reserve the right to consider other locations, in this state-
11 ment to Mr. Thiemann it relates to the south side of Pier 1,
12 I believe, isn't it? I just can't believe that we confine
13 ourselves to something, unless we make it very clear that we
14 are talking in principle and not in fact.

15 I don't understand, Jim, why this thing has to be
16 brought up at this time. I know it was requested by you.

17 MR. HEALY: Yes.

18 COMMISSIONER GOLDMAN: But I am concerned, because
19 here we are in the middle of a much broader study, and one of
20 the potential tenants is putting this pressure on us, and I
21 have trouble responding to that kind of pressure, so I have a
22 sort of negative frame of mind.

23 MR. HEALY: Well, what we are asking for is a formal
24 statement of intent. That is how I see this lease.

25 COMMISSIONER GOLDMAN: This is a heck of a lot more
26 than that.

27 MR. HEALY: Well, yes, but also, it provides for all
28 kinds of flexibility in moving. But we have been negotiating

1 site and lease for a year now, and that is a long time.

2 COMMISSIONER GOLDMAN: Not around here. (Laughter.)

3 MR. HEALY: I am merely asking the Commission to
4 verify their interest in acknowledging this lease formally,
5 and I plan to work with Bob on this, and we are not going to
6 hold fast to anything that won't work.

7 COMMISSIONER GOLDMAN: May I suggest a motion be --

8 COMMISSIONER MORRISON: What did you say, Mr. Healy?

9 MR. HEALY: That we will not hold fast to something
10 that won't work.

11 COMMISSIONER MORRISON: You plan to work with whom
12 on it?

13 MR. HEALY: Mr. Meyers and --

14 COMMISSIONER MORRISON: In what respect?

15 MR. HEALY: Well, advise him of my feelings or my
16 thoughts or what little knowledge I have in planning, to
17 have --

18 COMMISSIONER MORRISON: As to the location of the
19 vessel?

20 MR. HEALY: Maybe all the vessels.

21 I think that Mr. Meyers would like to talk to all
22 the owners of all the historic vessels.

23 COMMISSIONER MORRISON: Well, the location of
24 historic vessels is now a matter of City policy, and Mr. Meyers
25 can't change that.

26 MR. HEALY: Is that the case? I thought that there
27 was a much broader range in there.

28 COMMISSIONER GOLDMAN: Well, there is a study going

1 on right now. Isn't that right?

2 COMMISSIONER MORRISON: The City's Master Plan
3 calls for historic vessels at Pier 1 and Pier 3. Now, until
4 the Planning Commission -- and I presume the Planning Com-
5 mission won't move without our approval on that question --
6 until some change is made, that is where they must go.

7 MR. HEALY: As I said before, Commissioner Morrison,
8 I am quite happy with the location.

9 COMMISSIONER MORRISON: I am, too.

10 MR. HEALY: I think it is a good location.

11 COMMISSIONER GOLDMAN: May I present to this
12 Commission a possible motion, that we approve in principle
13 that the ferry boat FRESNO will be incorporated into the
14 historical boat marina of the northern waterfront when that
15 has been determined by the Northeast Waterfront Plan.

16 Is there a problem with that?

17 MR. MEYERS: I wasn't saying no to that. I would
18 support Commissioner Goldman's proposition.

19 MR. HEALY: Mr. Goldman, may I ask Mr. Lynch to make
20 an observation with respect to this matter?

21 MR. LYNCH: What is that?

22 MR. HEALY: The formality of the signing of the
23 lease, predicated on environmental evaluation.

24 MR. LYNCH: Right. Legally, the Port cannot enter
25 into this lease until an environmental evaluation is obtained
26 from City Planning, and that will be in the form of a negative
27 declaration.

28 If the Commission is agreeable to this lease, it can

1 authorize the Port representative, Harry Thiemann, to sign the
2 lease when he and I are both satisfied that the environmental
3 evaluation has been done. That is, if the Commission is
4 agreeable to --

5 COMMISSIONER GOLDMAN: I have made a recommendation
6 that does not agree to this lease. This is the purpose of my
7 motion. I agree to the principle, but not to the specifics,
8 based on the fact that this study is under way.

9 COMMISSIONER MORRISON: Mr. President, I don't have
10 any doubts about the lease. I am going to go ahead and approve
11 it this morning.

12 But I am disturbed that there now appears to be
13 a move afoot in some quarter to try to change the City's
14 Master Plan so as to move the historic ships to another
15 location.

16 MR. HEALY: It was just conversation about possibil-
17 ities.

18 COMMISSIONER MORRISON: Mr. Healy, I think Pier 1
19 and Pier 3 are the best possible locations, and I certainly
20 would oppose any other location for historic vessels.

21 COMMISSIONER GOLDMAN: I have to challenge that, be-
22 cause I don't think I could sit here and say that I think this
23 is the best until I hear what the alternatives may be.

24 I think what I am trying to convey is that we do
25 want to support the historic ships in the general Ferry
26 Building Area, but if this study, for which a lot of money is
27 going to be spent, comes up with a better solution we don't
28 know about, I am prepared to hear that.

1 COMMISSIONER MORRISON: Mr. President, that issue
2 has been decided, and after a year-long study, and the present
3 study that is going ahead does not have in its work program
4 a reconsideration of where the historic vessels ought to be.

5 The present study only seeks to achieve a total
6 design plan, based on the guidelines that have already been
7 adopted. So the question, so far as City policy is concerned,
8 as to the location of the vessels, has already been made.

9 COMMISSIONER GOLDMAN: Excuse me, but Mr. Healy --
10 Let me just answer that.

11 Mr. Healy, who is representing one of these historic
12 vessels, said a few moments ago that it is conceivable that
13 the area around the promenade could be a more desirable area
14 than Pier 1 or 3.

15 MR. HEALY: That was suggested to me.

16 COMMISSIONER GOLDMAN: That's okay.

17 MR. HEALY: The thought I am really trying to make is
18 that, if the consultants and the Planning Department come up
19 with another plan which you gentlemen agree to, we are not
20 averse to changing, if it is a visible location. That is all
21 the point I am making.

22 MR. MEYERS: Mr. President?

23 First of all, it is not the Planning Department's
24 study. It is really a joint study between the three agencies,
25 Redevelopment, Port and City Planning.

26 The other thing is that I concur with what Commissioner
27 Morrison said, that the locations agreed upon -- and it has been
28 worked out over a couple of years if citizens advisory

1 committees -- is that 1 and 3 would be the locations for
2 historic ships.

3 What we will provide, or what the consultants will
4 provide, is the precise location on those piers, and the mix
5 of other uses on those piers, such as offices, commercial
6 recreation, things that will go hand in glove with the his-
7 toric ships.

8 Now, we would like to work, and when I say "we" I am
9 saying the joint study staff and the consultants, with the
10 owners of the three ships, and find out what their require-
11 ments are, find out what their programs are on board the
12 ships, what are the uses they propose.

13 I would say that 1 and 3 are the only locations
14 the consultants will be investigating in the study, as a
15 result of all the planning that went on before.

16 COMMISSIONER ROTHENBERG: Mr. President, we find
17 ourselves in the exact reverse of our usual position. Here
18 we have a developer who is totally open to what havoc we may
19 wrack on him, and we are nailing him down. Usually it is the
20 reverse.

21 I can understand Mr. Morrison's sensitivity to
22 appearing to be changing the rule book after it has been
23 written, but I believe that three or four years ago, when the
24 original work was done on the Northern Waterfront Plan, the
25 promenade was in no one's mind, and ended up, thanks to
26 federal help, or whatever it was, we are ending up with this
27 perfectly delightful piece of space here, which we have a
28 great deal of uncertainties as to how we are going to use it,

1 and my only thought is, I think, to some extent share
2 Mr. Goldman's feelings, that to the extent the developer is
3 willing to be flexible, I would like to see us move forward
4 with our planning, both on these piers and for the promenade,
5 because it may end up that everyone, including the City
6 Planning Commission, may feel that, to the extent we can tie
7 up these ships to the right of where we are sitting now,
8 even though that was not intended two or three years ago, to
9 the extent that makes the promenade more successful -- and
10 I am quite concerned about having a huge stretch of nothing-
11 ness out there -- and at the same time allows equally exciting
12 things for Piers 1 and 3, I just don't want to preclude that.

13 I am not saying that is what we are going to do.
14 I am just saying I don't think, especially if the developer
15 is not pushing us in this direction, to nail him down right
16 now when, to the extent it doesn't injure either party, I
17 would like to permit us to have flexibility.

18 COMMISSIONER MORRISON: Well, Mr. President,
19 certainly the Master Plan can always be amended, but if there
20 is any intent or desire to amend it, the issue ought to be
21 presented and addressed in those terms. The issue shouldn't
22 be shoehorned into another entirely separate issue which
23 has to do with implementing a plan that has already been
24 achieved.

25 Now, if somebody wants to propose to this Commission
26 or the Planning Commission that the Master Plan should be
27 amended, I am perfectly willing to entertain it.

28 COMMISSIONER ROTHENBERG: Commissioner, my only

1 thought is, the promenade study, which is something none of us
2 dreamed about a year ago, we have an option to explore one
3 more alternative that we wouldn't have thought about a year
4 ago.

5 I am just saying I would be sort of curious to see if
6 anyone who has far better insight into this matter, from a
7 maritime point of view or from a planning point of view, I
8 would like to see what people think, and I don't want to knock
9 it down before we start.

10 I am just throwing out my little red herring and
11 stirring the waters.

12 MR. MEYERS: I will catch the red herring.

13 The last advisory committee that Mr. Morrison was
14 on, they gave that careful consideration, and there are to be
15 no long-term leases in that area adjacent to the promenade,
16 and this was a year and a half of planning work, and we
17 thought of mooring the boats there, too. That was one of the
18 alternatives, and Piers 1 and 3 is the location that that
19 committee came up with.

20 It would mean going back again and doing a lot of
21 changing, and changing the work of a lot of people.

22 COMMISSIONER GOLDMAN: Well, if it is for the better,
23 why not?

24 COMMISSIONER ROTHENBERG: We don't really have to
25 argue that issue. I am just saying that, to the extent the
26 developer has no objection to leaving it a little loose,
27 in the end we will still have the final say on what we feel
28 good or bad about it. I just don't see how it hinders the

1 matter.

2 COMMISSIONER MORRISON: Mr. President, I guess I
3 got us into this long discussion. I am satisfied with the
4 language that is in the lease, in view of the comments from
5 the City Planning Department and Mr. Healy, and I am prepared
6 at this time to go ahead and approve the proposed lease, on
7 the understanding that it will not be executed until all the
8 permits have been received.

9 MR. THIEMANN: What Mr. Morrison said is more or less
10 what I wanted to tell you. Your staff wanted this Commission
11 and future commissions to have that flexibility, and not be
12 tied to a specific location. Five or ten years from now,
13 Mr. Morrison, who knows? Maybe they will change the plans,
14 so we wanted to give you, this Commission and future commissions,
15 that flexibility.

16 PRESIDENT RUDDEN: Mr. Healy?

17 MR. HEALY: I merely wanted to make the point,
18 gentlemen, Commissioner Goldman suggested I was trying to put
19 pressure on. I suppose to some degree that is true, but the
20 reason for it is that we have a lot of permits to come by,
21 a lot of work to be done. There is no intent of trying to put
22 the boat in until after the total design plan is complete.
23 We just want an affirmation from you.

24 COMMISSIONER GOLDMAN: May I ask a question of
25 Mr. Healy? The way this reads at the moment would indicate
26 that the location would be the south side of Pier 1, inner end.

27 MR. HEALY: Yes.

28 COMMISSIONER GOLDMAN: I have trouble with that.

1 I can't vote in favor of that, even though we do have a
2 controlling statement at the end of the proposal that says
3 the staff recommends approval, with the stipulation the lease
4 will not be executed on behalf of the Port until all permits
5 have been obtained which are necessary before the lease can be
6 executed.

7 From the discussion here, I think Mr. Rothenberg
8 very adequately stated what was concerning to me, just that
9 we maintain flexibility, but on the other hand, even if it
10 becomes limited to Piers 1 and 3, how can we vote today to
11 locate this ship at that particular position, when we know
12 that the study which has been undertaken may suggest at the
13 north end of Pier 3?

14 I am prepared to act on this condition, but I
15 certainly can't accept that, and I would have to vote against
16 it, just because it is limiting.

17 COMMISSIONER MORRISON: Mr. President, I think that
18 contingency is covered here in Page 2. So long as the reloca-
19 tion is in conformity with the total design plan, so if the
20 total design plan says the north side of Pier 1 of the south
21 side of Pier 3 --

22 MR. HEALY:: Right. It is really a technical re-
23 location. We would not be moving the boat.

24 COMMISSIONER ROTHENBERG: That isn't true, because
25 at the beginning of Page 3, after having all this grand
26 language about somewhere in the stretch you have already
27 planned, you say, after the ferry boat is berthed in Pier 1.

28 MR. HEALY: I know, but we are not going to put the

1 boat in, and spend any money putting it in, until --

2 COMMISSIONER GOLDMAN: But how can Mr. Thiemann
3 recommend Pier 1 when we are talking about two piers?

4 MR. THIEMANN: Mr. Commissioner, this Commission,
5 I believe it was beginning of August of last year, gave
6 preliminary approval of that location. You voted for it. Am
7 I correct, Mr. Morrison?

8 COMMISSIONER MORRISON: And the SANTA ROSA on the
9 other side.

10 MR. THIEMANN: We are following out your preliminary
11 approval, sir.

12 COMMISSIONER ROTHENBERG: Could we just loosen that
13 up so we have at least the choice among those two? I know
14 it makes difficulties in terms of estimating the work to be
15 done on the piers? Can we have those consultants look at
16 1 and 3, and then tell us exactly where it should be? Don't
17 we want it to be loose enough so that we can listen to what
18 we are paying for?

19 COMMISSIONER MORRISON: How does that seem to you?

20 MR. HEALY: That isn't going to be any problem.

21 COMMISSIONER MORRISON: I move that the proposed
22 lease be amended to say, prescribed location as berthing at
23 Pier 1 or Pier 3.

24 MR. HEALY: May I request that the location remain
25 this, but with the alternative, depending on the study, of Pier
26 3?

27 COMMISSIONER MORRISON: That's fine. Does that
28 satisfy you?

1 COMMISSIONER ROTHENBERG: No, because I think what
2 we are saying here is, this may be the most convenient
3 place, but we don't know what the consultant is going to tell
4 us, and we would rather let them tell us, so I would rather
5 loosey-goosey it, but I will defer to my commissioners'
6 concerns about nailing it to 1 and 3. I would rather say
7 at Piers 1, 1½ or 3, or in the area of Piers 1 and 3.

8 Otherwise, we are nailing ourselves down, when we
9 all admit we don't know where it is going to be.

10 I recognize that you are all saying this is a
11 tentative document, but whenever we approve something that is
12 40 pages long and has 8,000 signatures on it, I question how
13 tentative it will be if we approve it.

14 COMMISSIONER MORRISON: Mr. President, I am certainly
15 willing to go along with that, and I will substitute that
16 language for my motion.

17 PRESIDENT RUDDEN: Is that all right with you, Dick?

18 COMMISSIONER GOLDMAN: May I suggest that, in
19 addition to that, just to protect that eventuality, I am
20 perfectly happy to mention Piers 1 and 3, but I would feel
21 more comfortable, "or other alternatives", which gives us the
22 flexibility to react if something more valuable shows up.

23 I also want the Commission to bear in mind that this
24 is calling for a 25-year commitment, so we are committing
25 future commissions to something where, it is true, we have the
26 right to have this boat moved, so really it is conceivable
27 that the boat will have to be moved a long distance from the
28 Ferry Building if something came along ten years from now.

1 But I just want the Commission to recognize that what we are
2 voting on is a 25-year commitment, and that is why the more
3 flexibility that we can provide, the better off everybody is.

4 PRESIDENT RUDDEN: What is your suggested language for
5 the motion?

6 COMMISSIONER GOLDMAN: I would say, in addition to
7 Piers 1 and 3, or other alternatives.

8 COMMISSIONER MORRISON: Within the Ferry Building
9 Area as described.

10 MR. MEYERS: Or in the Total Design Plan Area.

11 PRESIDENT RUDDEN: Is there a second on that?

12 COMMISSIONER ROTHENBERG: I second that, Mr. President,
13 but I would like to ask either Mr. Thiemann or Mr. Vickers
14 a separate question, if we are done with beating the dead
15 horses.

16 MR. LYNCH: May I ask you a question about this, just
17 so I understand. You have authorized a Port representative,
18 Harry Thiemann, to enter into the lease upon receipt of a
19 negative declaration from City Planning.

20 COMMISSIONER GOLDMAN: As a technical thing, I
21 think we are authorizing the Port Director. If he wants to
22 delegate it to Mr. Thiemann, that is fine, but we are author-
23 izing the Port Director.

24 COMMISSIONER ROTHENBERG: I just have one question.
25 In dealing with this amortization clause, these things always
26 concern me.

27 We are saying that the tenant will amortize 50 percent
28 of the cost of demolition for improvements for mooring,

1 essentially taken out of our overage. What confuses me here
2 is always what improvements we are talking about, and how
3 much of this the Port would normally do, and how much really
4 is the tenant's responsibility, because it always bothers me
5 when we go into these leases thinking we are going to be doing
6 very well on the overages, and then, once we get to overages,
7 we found we are not collecting them, because --

8 MR. THIEMANN: Well, that figure will change if
9 another location is --

10 COMMISSIONER ROTHENBERG: I just want to know what
11 the components are.

12 MR. THIEMANN: The major portion of this is demolition
13 of some concrete foundations there in the location where the
14 ferry boat would go, on the south side of Pier 1, plus instal-
15 lation of a catwalk or a walkway out to the vessel, and
16 moorings in the way of dolphins. I think it is three dolphins?

17 MR. HEALY: Two at this stage. I don't think more
18 than two are necessary.

19 COMMISSIONER ROTHENBERG: Why wouldn't the catwalk
20 be the responsibility of the developer, since if they move the
21 boat that will go with it?

22 MR. THIEMANN: No, it won't go with it. At another
23 location he wouldn't need a catwalk. If he was on the north
24 side of Pier 1 he wouldn't need it.

25 There is a figure there with a top of \$67,500, but
26 it shouldn't come anywhere near that. However, we learned
27 through bitter experience in the past that inflation bounces
28 these things up as the years go by.

1 COMMISSIONER ROTHENBERG: Are we saying we would pay
2 50 percent of \$67,500 or 50 percent up to \$135,000?

3 MR. THIEMANN: No, 50 percent up to \$67,500.

4 COMMISSIONER ROTHENBERG: Does that mean our 50
5 percent would be no more than \$67,500?

6 MR. THIEMANN: That's right.

7 COMMISSIONER ROTHENBERG: So we are really offering
8 to pay half of up to \$135,000?

9 MR. THIEMANN: That's right, and the estimate is --

10 MR. HEALY: The estimate is in the neighborhood of
11 \$72,000, and that includes dredging, demolition, repair of
12 that abandoned wharf structure --

13 COMMISSIONER ROTHENBERG: Here we get into the
14 classical question, and that is, are these estimates based on
15 our staff doing it or contracting it out.

16 MR. THIEMANN: Our staff made these estimates, and
17 I believe Mr. Healy --

18 MR. HEALY: I went out and got some estimates of
19 my own.

20 COMMISSIONER ROTHENBERG: I am just going by
21 Mr. Simmons' comments several weeks ago, that you take our
22 estimates and divide them by a third, and that is what it costs
23 to contract them out. (Laughter.)

24 MR. HEALY: There is some merit to that.

25 May I ask one question of Mr. Goldman? Is it
26 permissible for me to lobby for that location? (Laughter.)

27 COMMISSIONER GOLDMAN: Any time, Jim.

28 PRESIDENT RUDDEN: If there aren't any objections,

1 then it is approved.

2 (The motion was carried unanimously: Commissioners
3 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

4 MR. HUNTSMAN: Item No. 7, new business.

5 MR. HERREN: Request assproval of administrative
6 Resolution No. A108-66 with Brinks, Inc., in the amount
7 not to exceed \$3,000 for collection and deposit of parking
8 meter revenues.

9 COMMISSIONER GOLDMAN: Question. What period does
10 the \$3,000 cover?

11 MR. HERREN: It is going to cover the remainder of
12 this fiscal year, until June 30.

13 COMMISSIONER GOLDMAN: Effective what date?

14 MR. HERREN: As soon as we can get it into effect
15 after approval by the board, and drawing up the contract.
16 We are looking to maybe six or seven days.

17 COMMISSIONER GOLDMAN: So two months for \$3,000?

18 MR. HERREN: Right. I can explain why.

19 We still have 200 meters to go in in the area.
20 These are the new meters we are putting in. They are not in
21 this at all.

22 We are also cutting down the collections in the
23 Ferry Building area to once a week instead of twice a week.
24 As I understand it, the meters will hold about \$21 in coin.
25 We feel that once a week around the Ferry Building will
26 suffice. To have a little insurance, we asked for \$3,000.

27 COMMISSIONER GOLDMAN: Are we talking about \$1,500
28 on an ongoing basis, are we talking about \$1,500 a month, or

1 something more?

2 MR. HERREN: Well, we are talking about more, because
3 if we put the new meters in, we have 200 going in --

4 COMMISSIONER GOLDMAN: How many are there already?

5 MR. HERREN: One hundred sixty-three, the new ones.

6 COMMISSIONER GOLDMAN: Wait a minute. How many are
7 already functioning?

8 MR. HERREN: Seven hundred forty-seven.

9 COMMISSIONER GOLDMAN: So we add 200, so we are
10 adding another 20 percent. So we can theoretically assume
11 that the cost will go up by 20 percent?

12 MR. HERREN: Something like that, yes.

13 COMMISSIONER ROTHENBERG: But in this exhibit it
14 says \$719 a month.

15 MR. HERREN: Well, what I would like approval for,
16 gentlemen, is 25 cents per meter per collection. This is
17 what we need.

18 COMMISSIONER GOLDMAN: Is this the same plan that
19 has been adopted by the Chief Administrative Officer for
20 the city-owned meters?

21 MR. HERREN: The identical same plan, except that
22 the Bank of America agreed to deposit, take the money and
23 count it and deposit it, on the basis of another contract
24 that they got with the City.

25 I was told by the local manager downstairs that they
26 do not have a counting service of the type that we would need.

27 COMMISSIONER GOLDMAN: When you say "they", you told
28 me they were already doing it. You mean at a different

1 location?

2 MR. HERREN: Who, Bank of America?

3 COMMISSIONER GOLDMAN: Well, who is counting it for
4 the City?

5 MR. HERREN: Bank of America. They are turning the
6 canisters over to Bank of America.

7 COMMISSIONER GOLDBERG: And what are we going to do?

8 MR. HERREN: We are going to let Brink's count it
9 and deposit it.

10 COMMISSIONER ROTHENBERG: And how much more are we
11 paying Brink's for counting it?

12 MR. HERREN: Two cents a meter.

13 COMMISSIONER ROTHENBERG: I think we should talk to
14 B of A and see if they can't find room in their vault to
15 count ours, too.

16 COMMISSIONER GOLDMAN: Why can't they do for us the
17 same as they are doing for the others?

18 MR. HERREN: With that kind of connection, I see no
19 reason why we can't.

20 COMMISSIONER ROTHENBERG: When you talked to the
21 manager, he probably thought you wanted him to count it down-
22 stairs.

23 MR. HERREN: Well, I talked with him first about
24 this, and he came back and said that Bank of America does not
25 provide that service.

26 COMMISSIONER GOLDMAN: Excuse me. Mr. Chairman, to
27 speed this on, may I move that we adopt the same procedures
28 that were adopted by the City for counting of other meters
than those under our jurisdiction.

1 COMMISSIONER ROTHENBERG: I'll second.

2 MR. HERREN: May I ask a question?

3 COMMISSIONER ROTHENBERG: I will inquire on behalf
4 of Mr. Herren whether we can get the B of A to do the counting
5 for us, so we don't have to pay Brink's.

6 MR. HERREN: I don't whether the City counts theirs
7 once a week, twice a week, or three times a week.

8 PRESIDENT RUDDEN: What we are talking about is
9 having the same program that the City has.

10 MR. HERREN: It is 23 cents a meter, then, for
11 pick-up.

12 PRESIDENT RUDDEN: Plus getting the Bank of America
13 to do the counting?

14 COMMISSIONER ROTHENBERG: Maybe we could ask
15 Mr. Herren, has our meter man retired yet?

16 MR. HERREN: No, sir.

17 COMMISSIONER ROTHENBERG: One thing I have always
18 been curious about is, on a lot of these meters, there are
19 places where we are getting a quarter an hour instead of a
20 dollar.

21 MR. HERREN: We do.

22 COMMISSIONER ROTHENBERG: Are they all quarter-an-
23 hour?

24 MR. THIEMANN: No.

25 COMMISSIONER ROTHENBERG: Could we just look into
26 what would happen if we converted the rest of the meters? I
27 am just curious whether it means we have to change the innards,
28 or what.

1 MR. THIEMANN: I can tell you what would happen.
2 First of all, you would lose your parkers, because then it
3 will be cheaper to go into the parking lots in that area.

4 But we can change them. We have to buy parts for
5 the mechanisms. It is a clock mechanism.

6 COMMISSIONER GOLDMAN: Who evaluates, from each
7 meter, the amount of money in the meters?

8 MR. THIEMANN: Well, this is the recommendation
9 brought to you by your staff.

10 COMMISSIONER GOLDMAN: Who on the staff does it?

11 MR. THIEMANN: I guess, basically, the Port
12 Director and I.

13 COMMISSIONER GOLDMAN: And what are your qualifica-
14 tions? How do you qualify which should be ten cents and which
15 should be a quarter?

16 MR. THIEMANN: Whatever we think the traffic will
17 bear. At Fisherman's Wharf we are now getting 50 cents an
18 hour. That is not bad. In the Ferry Building area we are
19 getting 25 cents an hour.

20 COMMISSIONER GOLDMAN: I think maybe the City must
21 have some way of evaluating that we could borrow from.

22 MR. THIEMANN: They don't get that much money any
23 place, sir. We get top dollar on our meters.

24 COMMISSIONER GOLDMAN: Who makes the decision where
25 you break off the 10 cents and pick up the 25?

26 COMMISSIONER ROTHENBERG: Mr. Thiemann is saying
27 Mr. Thiemann does.

28 COMMISSIONER GOLDMAN: That is right, and that is why

1 I am questioning whether there are some kinds of studies that
2 the City does. Maybe Mr. Grubb knows. How do they do it at
3 City Hall?

4 MR. GEORGE J. GRUBB: The only place they can have
5 any local jurisdiction is where they have that two bits for
6 15 minutes, and that is usually because of the merchants in
7 the area, and that usually doesn't work out very well,
8 because 15 minutes is not a practical time.

9 COMMISSIONER GOLDMAN: The only other question I have
10 is, assume this has been adopted, what happens to the man
11 who has been collecting the money?

12 MR. HERREN: He will continue to repair meters and
13 wind them.

14 COMMISSIONER ROTHENBERG: He is retiring?

15 MR. HERREN: He will be retiring shortly.

16 MR. TAORMINA: We do not anticipate renewing the
17 position, then.

18 MR. HERREN: No. This will be out-of-pocket --

19 MR. THIEMANN: Actually, with these extra meters,
20 he is going to be pretty well taken up with the other work.
21 We now use a man to assist him when he collects.

22 COMMISSIONER ROTHENBERG: We are hiring Brink's
23 because our meter man is retiring, and now I find he may be
24 retiring, but he is getting replaced.

25 What I am worried about is, that means all we are
26 doing is guaranteeing ourselves that we are spending at least
27 \$800 more a month for the same thing as we are currently
28 doing.

1 MR..HERREN: This is out-of-pocket cost.

2 COMMISSIONER BRIDGES: That is ridiculous. The man
3 is retiring. That must be an indication that something is
4 wrong.

5 (Several voices at once.)

6 MR. HERREN: We do. There is no question about that.
7 Last week we had 25 meters torn up, demolished, ten across the
8 way here, and the rest of them in Fisherman's Wharf.

9 He is busy constantly unjamming meters. People jam
10 them, put beer can rings in it.

11 COMMISSIONER ROTHENBERG: But somehow he finds time
12 to collect it.

13 MR. HERREN: I haven't said that we could cut the
14 man off. I don't think anyone here has said that.

15 COMMISSIONER ROTHENBERG: Otherwise, would we turn it
16 it over to the Department of Electricity? Aren't they in
17 charge of meter repairs in the City?

18 MR. THIEMANN: If they work on ours they want the
19 money out of them.

20 I don't know whether it is out of the contract
21 between the City and the State or part of the legislation,
22 but it specifically states, so long as the Port continues
23 to maintain and operate the meters they will collect the money
24 there.

25 COMMISSIONER ROTHENBERG: So we can't contract with
26 the City to repair our meters.

27 MR. THIEMANN: I presume we could contract with them
28 and pay them for it.

1 COMMISSIONER ROTHENBERG: I just want somebody to do
2 a cost benefit.

3 COMMISSIONER GOLDMAN: I think what we ought to do
4 is ask that at the next meeting we get a report from the
5 Property Manager saying what the alternatives available to
6 us are, so we can evaluate it.

7 MR. GRUBB: I could advise the Commission that if
8 the meters are not properly repaired the income will go down
9 about 10 percent, because jamming is a very serious problem.

10 PRESIDENT RUDDEN: What is the damage to the meters?

11 MR. THIEMANN: Well, first of all, there is
12 vandalism. As Mr. Herren pointed out, there are 25 meters
13 that apparently were hit with a hammer or something, which
14 means that the man has to go out and take the head off and
15 put another head on. We have a lot of spare heads and spare
16 mechanisms.

17 The clock mechanism is jammed by putting in beer
18 tops and pulls and things of that nature, match sticks.

19 The man takes care of the on-the-street things when
20 he is collecting and winding, and on complaint. The things he
21 can't repair on the street he takes into the shop, and replaces
22 that head right there with a spare head in his truck.

23 So there are two types of repairs, and one is ongoing
24 maintenance, such as you have to have done to your clock at
25 home, and the other is vandalism.

26 PRESIDENT RUDDEN: Well, why don't we review this
27 whole matter between now and the next meeting and come up with
28 a conclusion that would cause us to not spend any more money

1 at this time.

2 COMMISSIONER GOLDMAN: Excuse me. I think there is
3 a motion before us to adopt the Brink's plan.

4 COMMISSIONER ROTHENBERG: I will withdraw the motion.

5 COMMISSIONER GOLDMAN: You want to withdraw it?

6 COMMISSIONER ROTHENBERG: I think so, because we
7 are getting into a matter here that I am not clear on what we
8 are doing.

9 COMMISSIONER GOLDMAN: Well, I have no trouble with
10 transferring the responsibility to Brink's. I have my confu-
11 sion as to the other personalities.

12 COMMISSIONER ROTHENBERG: I am just curious what the
13 cost is of the man we have now. If we are going to start
14 breaking up the job, are we saying our overhead is \$1,000 a
15 month, or what? I can't evaluate it. If it solves Mr. Herren's
16 problem to go ahead with Brink's, that doesn't bother me so
17 much as this other matter.

18 PRESIDENT RUDDEN: What you mean is our expense is
19 greater, and the fact that the man does not retire --

20 COMMISSIONER GOLDMAN: I am perfectly happy to just
21 break even. I just want to be sure we are getting --

22 (Several voices at once.)

23 COMMISSIONER GOLDMAN: If you want to postpone it,
24 why don't we just put it over to our next meeting?

25 MR. HERREN: I might add that, of the 163 meters we
26 have in the new area, designated as the north area, in two
27 days we collected \$741 out of it, the 163 meters, so that is
28 going to be a lucrative area there.

1 COMMISSIONER ROTHENBERG: Does our deferring this
2 Brink's thing inconvenience the Port in terms of revenue?

3 MR. HERREN: No, sir. They will be collected like
4 they have been collected. It won't interfere at all.

5 MR. HUNTSMAN: Item No. 8, a report on the instal-
6 lation of sidewalk stands at Fisherman's Wharf, Guardino's
7 Gift Shop. Mr. Thiemann.

8 MR. THIEMANN: Under the terms of Guardino's lease
9 the sidewalk area is included, subject to their allowing the
10 passage of people walking along the sidewalk and not blocking
11 it.

12 So this is an information report to you that
13 Guardino's, which is located at the corner of Taylor and
14 Jefferson Streets, will put two stands there around the
15 corner from Taylor on Jefferson Street.

16 We feel that this is a definite improvement in the
17 area. At the present time there is a bank of porno newspapers
18 there, and this will clean it up, and he will also redo his
19 present stands and bring them up to better standards of
20 appearance.

21 COMMISSIONER GOLDMAN: Just one question. This is
22 fine, but do we have any control over those banks of news-
23 papers?

24 MR. THIEMANN: No. At least, this has always been
25 my advice from the Legal Department. The First Amendment
26 prohibits us from doing anything about it.

27 This will increase the Port's revenue, obviously,
28 because there will be more sales.

1 COMMISSIONER GOLDMAN: I just want to know if we
2 can demand the removal of those.

3 COMMISSIONER ROTHENBERG: This is right across the
4 street from the cable car turn-around?

5 MR. THIEMANN: No. In front of the proposed cable
6 car turn-around. This is right in front of Tarantino's.

7 PRESIDENT RUDDEN: Is there any objection to this?

8 (Approval was moved and seconded, and carried
9 unanimously: Commissioners Bridges, Goldman, Morrison,
10 Rothenberg and Rudden - aye.)

11 MR. HUNTSMAN: Item No. 9, request approval for
12 lease with Bay Area Marine Institute at Seawall Lot 345,
13 China Basin. Mr. Taormina.

14 MR. TAORMINA: Mr. Chairman, members of the
15 Commission, at your April 12 meeting the Port Commission gave
16 preliminary approval to move forward with the Bay Area Marine
17 Institute in trying to seek a location for their maritime
18 marine education and training center.

19 We have met with the principals. We are recommending
20 to you Seawall Lot 345, which is part of the old Ableship. It
21 amounts to about 46,500 square feet of ground space. Cur-
22 rently there is a small office building and storage space, and
23 a maintenance building, which the Marine Institute will
24 remove. A portion of one building, under extreme high tide,
25 I understand, has problems with the Bay, because it is sub-
26 merged.

27 The term of the lease shall be for a period of 13
28 months, which is the term of the proposed grant application,

1 if they receive it.

2 The rent shall be at four and a half cents per
3 square foot, which would amount to about \$2,092.50 per month,
4 but the overall rent from the project would be \$18,832.50,
5 the Port staff recommending that they be afforded the oppor-
6 tunity to take occupancy of the space before they pay rent,
7 to make the necessary improvements for classrooms and stuff
8 that they will need.

9 This is in line with what the Institute proposed
10 in their proposal to the Mayor's Office, Department of Train-
11 ing.

12 The Institute will provide the Port with evidence
13 of our standard insurance, and the lease will not be executed
14 until the Port Commission has received written evidence from
15 the Mayor's Office Department of Training that the grant has
16 been received by the Institute.

17 We are using all the other standard language which
18 we find in the non-exclusive license.

19 Tay Vaughan is here from the Bay Area Marine
20 Institute to answer any of your questions, and Mr. Jerry Levine,
21 from the Mayor's Office of Employment.

22 COMMISSIONER ROTHENBERG: Move approval.

23 COMMISSIONER BRIDGES: Second.

24 (The motion was carried unanimously: Commissioners
25 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

26 MR. HUNTSMAN: Item No. 10, reconsideration of --

27 COMMISSIONER ROTHENBERG: Can we deal with either of
28 these before we deal with 13?

1 COMMISSIONER GOLDMAN: I was going to bring that up
2 when you get this on the table.

3 COMMISSIONER ROTHENBERG: I don't know. I have to
4 defer to someone.

5 MR. THIEMANN: If you do approve this, Item 13,
6 which includes the license with California Stevedore and
7 Ballast, merely will be changed. That license is now actually
8 in effect, because the date the court allowed us to make the
9 transfer we did, so the rent was reduced, and a new license
10 issued at a future date, if you do approve this.

11 COMMISSIONER ROTHENBERG: I apologize.

12 MR. HUNTSMAN: Item No. 10, reconsideration of
13 declaring -- and this is a correction to the printed figure --
14 20,000 square feet of Pier 35 surplus to commerce, navigation,
15 fisheries and aviation, tabled at the regular meeting of
16 Wednesday, April 12, 1978.

17 COMMISSIONER MORRISON: Mr. President, as a point
18 of order, I think there must be a motion to remove it from the
19 table.

20 COMMISSIONER ROTHENBERG: I will so move.

21 COMMISSIONER BRIDGES. Second.

22 (The motion was carried unanimously: Commissioners
23 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

24 COMMISSIONER GOLDMAN: I have a question, and it
25 ties in with Item 13, and I am sorry we don't have the minutes
26 of the last meeting. It is sometimes difficult to act on
27 some of these issues. In the minutes of the last meeting
28 there was considerable discussion on the subject, and yet the

1 staff comes back and makes the same recommendation.

2 As I recall the discussion we had at the time, we
3 were asking how much of Pier 35 can be considered surplus for
4 development, and then I will only say that it relates to
5 Item 13, because we are in the process of leasing the whole
6 of the pier to California Stevedore, which is some 230,000
7 square feet or more, at rentals which, for the most part,
8 appear to be extremely low. I am sure there is a justification
9 for that, but it is a total of \$5,297 a month, which we
10 evidently would anticipate as rental for the whole of the pier.

11 So I come back to where I was two weeks ago, and
12 that is, what has the staff done to advise us as to how much
13 of that pier is available for development?

14 MR. TAORMINA: Mr. Chairman, Commissioner Goldman,
15 I asked that question of Mr. David before he left. He did
16 indicate that there could possibly be other space available
17 in the front portion by the bulkhead on the opposite side
18 from where the Simmons space is.

19 I believe he discussed this matter with Mr. Cullen,
20 who is the operator of California Stevedore and Ballast.
21 Mr. Cullen, do you have any comment?

22 COMMISSIONER GOLDMAN: Wait a minute, please. I
23 don't want to put Mr. Cullen on the spot here. Has the staff
24 gone through the formality of developing, with the tenant,
25 California Stevedore, a plan they can present to us in a
26 concrete form? If not, I don't know how we can discuss
27 this subject, since that was the basis for discussing Pier 35.
28 I don't think informal conversation will do us much good,

1 because these things have to be studied some.

2 Mr. Cullen, I am sure, has his own thoughts on the
3 subject, but I have to ask the question, are those the same
4 thoughts or feelings the staff has?

5 MR. TAORMINA: Yes, they are.

6 COMMISSIONER GOLDMAN: How do you explain this?

7 MR. TAORMINA: As the fact that they are the
8 operators of the passenger terminal, and it was our feeling
9 that we would rely upon the operators to explain or to work
10 with us in determining how much space should be available for
11 the passenger terminal.

12 COMMISSIONER MORRISON: May I just make a statement
13 here? The last time we talked at great length, as Commissioner
14 Goldman has said, about alternatives, about Pier 33, perhaps
15 Seawall Lot 312 next to the garage there.

16 It would seem to me perhaps a proper course, since
17 we cannot simply ignore this problem, is to have the staff
18 consider all those alternatives, talk with Mr. Simmons, and
19 come in with a new recommendation to us.

20 COMMISSIONER GOLDMAN: I would concur with Mr. Mor-
21 rison, but I would like to suggest, Mr. Chairman, that again,
22 there was a lot of discussion about this, and somehow or
23 other the items are on the agenda today exactly as they were
24 two weeks ago. I consider that an affront to the Commission,
25 that the basic questions asked of Mr. Simmons have not been
26 resolved, and that is, regardless of where the temporary
27 location is to be agreed to, whether it be Piers 33 or 35,
28 that we must have from Mr. Simmons, before we can act on a

1 temporary location, an assurance to us of a permanent
2 location which ultimately will be used, and not based on
3 getting the approval of another agency.

4 I can't accept the statement that, well, when we
5 get approval from BCDC, then it will be taken care of, because
6 there is an if there, and there is always a chance that he
7 won't get the approval.

8 That is why I suggested to Mr. Simmons, and I will
9 refer to it again today, that he has got to come up with
10 another location, and the location which seemed to make the
11 most sense then, and now, because I think this is all tied
12 together in our discussion, although I may be talking about
13 the next item at the same time, he does have a 1,000-car
14 garage that has been reduced to 960-plus, whatever, analyzed
15 at some 300,000 square feet of parking space, twice as much
16 as people were arguing about at the time Mr. Simmons was
17 contemplating this.

18 I understand that approval was given that included
19 150 spaces for a Port tenant, Mr. Crowley. I just learned
20 this recently. I don't know how effective that is. There is
21 Seawall Lot 312, which is immediately adjacent to the south
22 end of that garage, where I am sure a link could be found,
23 much closer, incidentally, to Pier 39 than Pier 35 would be.
24 It would be even closer to where deliveries would be made,
25 and even the building that is contemplated at the end of the
26 parkway, that is in controversy with BCDC.

27 Now, if Mr. Simmons wants to develop and is
28 effectively developing a \$50,000,000 project, I can't understand

1 why we can't hear from him a fall-back position, which could
2 be possibly at that garage or something else, in the event
3 the BCDC approval doesn't come.

4 I don't feel that this Port Commission can grant
5 approval on a temporary basis to anybody for anything until
6 we know what the permanent solution is going to be, and I think
7 that we have been stuck before in a lot of controversy because
8 we haven't had the problem followed through to the ultimate
9 completion, and that is all I am asking of Mr. Simmons.

10 A discussion of one pier or the other is separate
11 and distinct from that very basic question, where is he going
12 to have his permanent location, and I will not accept in the
13 discussion getting agreement from BCDC, because he doesn't have
14 it yet.

15 MR. SIDNEY RUDY: Mr. President, my speeches will
16 get shorter as the term of the lease gets shorter, and I
17 think we are down to a very short lease, and very clearly a
18 temporary lease.

19 First of all, as to the need to determine whether
20 any other portion of Pier 35 may be excess, I respectfully
21 state that that isn't relevant to the decision on our request.

22 Mr. Cullen has indicated quite clearly, and the staff
23 will confirm that, that at least the 20,000 square feet that
24 we are talking about is excess.

25 Now, it may be that there is additional space, and
26 that can be considered at a later time.

27 We would love to be able to come to you and say, yes,
28 we have a particular place which will be permanent, and which

1 is our fall-back position, but you understand that in this
2 community or in any other community where you have planning
3 commissions and other agencies, you don't do that by just
4 going out and finding a spot and saying, that is where we are
5 going to be.

6 When the problem first arose, or the possibility
7 that there was a problem, as to the location of the service
8 building along the seawall, the first alternative that we
9 looked to was Lot 312, and we would have preferred that
10 location. That was an easy way to do it. I remember coming
11 into the office, calling all the architects in, or Mr. Simmons
12 calling the architects in, and we attempted to work out the
13 possibility of using a structure there. For various physical
14 reasons it simply did not work.

15 Now, we have a time problem. That is the only
16 reason we are considering going into temporary space, spending
17 the money that we need to spend in order to make that useful
18 to us, for the two-year period, or perhaps even a shorter
19 time. We will have that responsibility.

20 Now, we have made a public statement. It is going to
21 be a temporary lease. We know we have to get out. There is
22 no way that we can come back, as the billboard people did,
23 and say, you have been giving us leases over 25 years and
24 you can't suddenly kick us out.

25 That is our problem. We know it. We state it
26 publicly. We will write the agreement so that there will be
27 no question about it.

28 Now, what I am really saying to this Port Commission

1 today is that what we are now asking for in no way can be
2 prejudicial to the Port of San Francisco. We are talking
3 about, after a lot of discussion, presumably coming down to
4 less than three years, and still with the option to terminate
5 on one year's notice.

6 Now, respectfully, I say there is no possible way
7 that the Port can be prejudiced, and we cannot come to you
8 now and say, this is our permanent location, except to say
9 that we have worked diligently with the BCDC staff. We
10 understand, and I think sincerely that they mean their state-
11 ment that they are going to recommend approval of our original
12 location, but these things don't happen overnight.

13 We thought we might go in with an application and
14 have it heard. It requires an amended EIR. I won't
15 venture a guess as to the time period. I am not talking
16 about years now, but I am possibly talking about many months
17 that it takes to prepare, publish and have hearings on the
18 EIR, and that is our problem.

19 We believe honestly that that is where we are going
20 to be. We will have to discuss the details of the building,
21 and so forth, with them. But we believe that agency and the
22 city agencies lobbying perhaps with them will see to it that
23 that is approved as our permanent location. That is what we
24 intend to do.

25 COMMISSIONER MORRISON: If I may, Mr. Rudy, let me
26 make sure that I understand fully what you are saying.

27 Your plan calls for the maintenance building along
28 the seawall at the end of Pier 35?

1 MR. RUDY: Yes.

2 COMMISSIONER MORRISON: You desire that still as a
3 permanent location?

4 MR. RUDY: Yes.

5 COMMISSIONER MORRISON: You have an application
6 before BCDC for its approval?

7 MR. RUDY: Yes.

8 COMMISSIONER MORRISON: BCDC has said that you must
9 have an environmental impact report?

10 MR. RUDY: That is correct.

11 COMMISSIONER MORRISON: And in the course of time,
12 perhaps a year or so, they will act on that location?

13 MR. RUDY: Hopefully sooner, but we don't know the
14 time span. That's right.

15 COMMISSIONER GOLDMAN: May I ask a question?

16 Following that scenario, I have only one simple
17 question, and that is, if by chance BCDC votes negatively
18 rather than affirmatively, I would like to have you tell us
19 today what you have as an alternative location. I think if you
20 were to say to us that you would then have to convert some of
21 your garage, and that, with the approval of the Planning
22 Commission, I guess, as a trade-off, that Lot 312 could be
23 made available to you, that would be the development you
24 would pursue, since you haven't come forth with some other
25 location, then that would be it.

26 But, you see, this has been under discussion for
27 some period of time, and as of this date you are still
28 hanging on to an iffy one, which is BCDC. I think some of us

1 want you to tell us where your secondary fall-back would be.

2 MR. RUDY: Well, Mr. Goldman, Commissioners, I tried
3 to make it clear that we can't pick, at this time, another
4 specific permanent location.

5 COMMISSIONER GOLDMAN: Why?

6 MR. RUDY: Well, we can tell you that if we get
7 turned down by BCDC, that will be our problem. We might have
8 to go and buy another piece of land, less convenient. That
9 obviously is our solution. We have the problem.

10 I am saying that we are not irresponsible people.
11 We know we are going to be out of Pier 35. We expect to get
12 the location approval from BCDC. If we don't, we are going to
13 have to put it somewhere.

14 COMMISSIONER GOLDMAN: This is a big project you
15 are dealing with. You are talking about maybe two years
16 at Pier 33 or 35, whichever. If I were in the position that
17 Mr. Simmons is, I would know today where that is going to be,
18 because those two years don't move very slowly. The fact is,
19 it will happen fast. Whatever you are going to need you have
20 to prepare, and that takes a little time, too.

21 COMMISSIONER ROTHENBERG: I think, to be fair to
22 Mr. Rudy, he probably knew a year ago where it was going to
23 be.

24 MR. RUDY: Exactly.

25 COMMISSIONER GOLDMAN: But two months ago we were
26 talking about this matter, and still no change, and that is
27 what I am concerned about.

28 COMMISSIONER MORRISON: Mr. Rudy, let me explain to

1 you my dilemma, at least as I see it.

2 I would certainly like to protect Pier 35, and this
3 Commission ought to have a development plan for Pier 35. I
4 don't want to see it go out of maritime use. I want it to be
5 developed so that the Port will get the maximum return from it.

6 Your being there might or might not interfere with
7 that. It very well might. On the other hand, I don't think
8 the seawall location is appropriate for the kind of warehous-
9 ing use you are going to put in there.

10 COMMISSIONER GOLDMAN: Which, 312?

11 COMMISSIONER MORRISON: No, the bulkhead, the
12 seawall location.

13 Now, I would very much like to see some resolution
14 of this issue which protects our interests in Pier 35,
15 which removes the building from the bulkhead location.

16 Now, I have never been convinced that you needed a
17 location as close as Pier 35, as you apparently do. I am
18 certainly willing to consider Pier 33 as an alternative.

19 Now, isn't there some room here for reconciling all
20 these demands and coming out with agreement?

21 MR. RUDY: Well, Mr. Morrison, there may be room
22 somewhere down the line, but I honestly don't understand why
23 our present request for temporary housing in Pier 35 raises
24 such a tremendous problem in your mind. I don't think that
25 it is fair, in response to that request, to again raise
26 questions about the original location, which we processed
27 through Planning and a number of other agencies. I don't
28 think I should be compelled to discuss that at this time,

1 at a San Francisco Port Commission meeting, when I am asking
2 for temporary use of Pier 35.

3 Now, if for some reason we don't get approval from
4 BCDC -- and Mr. Morrison, you can still make whatever state-
5 ments you want to make on that issue -- we are going to have
6 to find another location, but we thought, a couple of months
7 ago, that we might have BCDC approval.

8 Surely we are going to be looking around for some
9 back-up in the next two months, three months, four months,
10 if it doesn't appear that we will get BCDC approval, but I
11 don't see why that needs to be a condition of this Port's
12 saying 20,000 square feet, which you don't need on Pier 35
13 now, with a very clear contract that requires us to get out
14 at a specified time, who is being hurt? I just don't see
15 the rationale of it.

16 COMMISSIONER MORRISON: But you haven't helped me
17 solve my problem, Mr. Rudy.

18 Now, you have shifted your ground considerably
19 since you first came in here. . As I recall it, Pier 35 was
20 proposed as a permanent solution when this matter first came
21 before us. That would have the advantage of getting rid of
22 the bulkhead location, and I do see why some people would
23 prefer that.

24 But it seems to me that we can't jeopardize Pier 35.
25 Yet I certainly agree that the bulkhead location is not
26 appropriate. Now, what else can we do?

27 MR. RUDY: I can't undertake to answer that question
28 at this time, some six months before the center is going to

1 open. We have changed our position, because we could not
2 get from this Commission an arrangement which other city
3 agencies would have liked to have, so we backed away from
4 that. Now we are facing a short time span. We are talking
5 about a temporary occupancy. We will have our processing,
6 our argument at BCDC. Maybe somebody will come up with a
7 marvelous alternate solution.

8 Pier 33 is not an acceptable solution. Apart from
9 that, that is not permanent, either. I know that there is
10 some plan that has been proposed for development of both
11 Pier 35 and 33, so that doesn't give us a permanent solution.
12 Maybe we will find some other piece of land, if BCDC turns
13 us down. We will have to. That is our problem. As business
14 men we know we may have to fall back on a solution that is
15 much less satisfactory, but we will have to do it.

16 COMMISSIONER BRIDGES: Mr. Chairman, the matter
17 before us was taken off the table. There is a motion I made,
18 as amended by Alan, and it seems to me to solve this problem,
19 because that was my idea at the time.

20 Now, I certainly want to protect our interests in
21 Pier 35, and at the same time, what was in my mind was to
22 accommodate Warren Simmons and his project, and therefore, the
23 motion that I made at the last session was that, after the
24 lease is completed, a part of the lease is that they have got
25 a limit of 12 months to stay on Pier 35. That is a temporary
26 location, and where they can find another location is their
27 headache. It is not ours.

28 Second, when that was presented to Warren Simmons,

1 he said no dice. He wanted to go along with our staff's
2 proposition, which was that one year after the Port Commission,
3 for any reason it desired, served notice that you have got to
4 get out, they have to get out in one year. That was not
5 acceptable to Warren Simmons.

6 Then the question came up, I think Alan made the
7 amendment, how about two years. They had a little consulta-
8 tion among themselves, and said no dice on that, too.

9 The Commission I thought unanimously said, well,
10 that is acceptable to us, and when Simmons said no dice,
11 that is why the motion was tabled.

12 Now we are off the table again, and what I think is
13 before us is my motion, as amended by Alan, namely, that
14 they can have the 20,000 feet at Pier 35 for a limit of two
15 years, period.

16 COMMISSIONER ROTHENBERG: With a 12-month termina-
17 tion.

18 MR. RUDY: Subject to termination on 12 months'
19 notice.

20 COMMISSIONER BRIDGES: In addition, part of that
21 motion is that 12 months after we tell you to get out, which
22 could be less than two years, you are finished.

23 MR. RUDY: That is correct.

24 COMMISSIONER BRIDGES: I understand that is the
25 proposition right now to act on.

26 MR. RUDY: And that is what we are now prepared to
27 accept.

28 COMMISSIONER BRIDGES: You will accept that?

1 MR. RUDY: Yes, sir.

2 COMMISSIONER ROTHENBERG: I deferred to Mr. Bridges
3 on the subject of maritime protection, because I think, of
4 the five of us, he is the authority who has more invested in
5 the maritime past and future of the City than any of us, and
6 to the extent he feels comfortable with that solution, I
7 have an easy way out here, because I wasn't involved in any
8 of the discussion about whether we should have entered into
9 this transaction in the first place.

10 We did it, and we stand to gain quite nobly once
11 this project is under way. We made a business deal. Because
12 of the complexities of doing anything today, someone else
13 changed their mind, or an error was made, and now we find
14 ourselves in a deal that has been amended totally outside of
15 our control.

16 Suddenly I am afraid we are back re-arguing a lot
17 of the questions we argued three or four years ago about the
18 merits of the project, about the merits of using that area
19 of the waterfront, and I don't think it is fair to us. I
20 think we have got to look at this in a purely businesslike
21 way. We made a deal with Mr. Simmons that we can't walk
22 away from. BCDC feels that they didn't approve something we
23 felt perhaps they did.

24 So the question is today how we aid Mr. Simmons in
25 getting going in October, so we can start getting the money
26 that we went into this for and we desperately need.

27 I think Mr. Bridges' proposal, two year-year lease,
28 still having our 12 months' notice to get out, puts

1 Mr. Simmons in a position where he can't rest for a minute
2 in terms of what his alternative options are. He is going to
3 have to start pursuing them right away.

4 The economics of forcing him toward that decision,
5 and the clock ticking away, I think are far more demanding
6 than any other condition or desire we could impose on him.

7 I think we should move this question forward that
8 Harry originally proposed the last time, move forward two
9 years, be very forceful in terms of seeing to it that
10 Mr. Simmons keeps us, bimonthly, or biweekly, on how his
11 other options are moving forward, recognizing that, come the
12 end of two years, even if we don't need the space, we are not
13 going to let him stay. I think that is far more compelling
14 than all the dialogue we might get into. I think we should
15 recognize it, bite the bullet and move it forward.

16 (Several voices at once.)

17 COMMISSIONER MORRISON: Mr. President, I think
18 Commissioners Bridges and Rothenberg have given us a very
19 good summary of what happened before, and what the demands
20 and the possibilities are.

21 I think there is one aspect of the case that falls
22 outside of what you two have said. Mr. Rudy today has made
23 quite clear what was left rather cloudy last time, and that
24 is that he intends to go full blast with BCDC to get his bulk-
25 head location.

26 Now, by acting as you gentlemen suggest, I think
27 we may be guaranteeing the construction of the maintenance
28 building there on the bulkhead by Pier 35. I think that is

1 a bad result for San Francisco, and I can't help wondering
2 whether there isn't a better solution.

3 COMMISSIONER BRIDGES: One question, Jack.

4 COMMISSIONER GOLDMAN: Wait a minute. I have been
5 waiting here. Let me add something, if I may.

6 Actually, we have been playing a game of tug of war
7 without a rope.

8 COMMISSIONER ROTHENBERG: The rope is around
9 Warren's neck.

10 COMMISSIONER GOLDMAN: Usually in this game, it
11 has always been the Commission that sort of got tired after
12 a while.

13 I have only one trouble. First of all, I think
14 the whole subject of Pier 35 has to be an open item for
15 discussion for development. I am not satisfied with that
16 which I see before me so far.

17 But I am much more concerned about a very simple
18 thing which I think Mr. Simmons should be prepared to answer,
19 and that is, whether at 35 or 33 temporarily for a two-year
20 limit, why in the world haven't they come up and told us what
21 that alternative will be, because I am not going to lobby
22 for or against BCDC, and I agree with Mr. Morrison that that
23 really is out of our province. It is for them to determine
24 whether that building should be there, not us. If others
25 want to lobby one way or the other, it is their privilege.
26 The fact that it has been withdrawn from the calendar and
27 other things would indicate there must be some concern.

28 My only concern is from the point of view of this

1 Port, and that is, rather than talk about, we are going to
2 go out looking for something, I think you are putting us in
3 the position of supporting something we shouldn't get involved
4 in if we offer you a temporary location without your telling
5 us what that permanent fall-back would be if you don't get
6 BCDC approval. That is all I am asking.

7 Are you prepared to utilize part of that 1,000-car
8 garage, 300,000 square feet, to eliminate maybe another 30
9 stalls, with the utilization of Seawall Lot 312, as that
10 fall-back position or not?

11 MR. RUDY: At this time I would say we are not.
12 The --

13 COMMISSIONER GOLDMAN: All I am asking --

14 MR. RUDY: May I finish, please?

15 The whole approval of the whole project, the leases
16 we have executed with numerous tenants, the financing, all
17 rely upon the availability of a garage of that size, and you
18 are not talking about 30 stalls, Mr. Goldman.

19 COMMISSIONER GOLDMAN: Wait a minute. Will you
20 explain briefly this 150-stall commitment to Mr. Crowley?

21 MR. RUDY: We were required, as part of our lease,
22 to protect Mr. Crowley in that number of stalls, because he
23 had had parking on the pier, I think it was Pier 41, which
24 a lot of people wanted to eliminate, and which has been
25 eliminated.

26 You know, there are a lot of pros and cons in the
27 whole development, benefits to the City. It is not all --

28 PRESIDENT RUDDEN: I think one point should be

1 answered. Mr. Goldman asked that question. In your search
2 for Pier 33 or wherever else, if you come up with a two-year
3 lease at this stage of the game, you are going to have to be
4 out in that two years. If there was no other alternative
5 than to go to the garage, would you go?

6 MR. RUDY: Well, we couldn't without getting consent
7 of a lot of people.

8 Mr. Rudden, to answer your question, and I am not
9 the operator or the developer, at this point, if we had to
10 go somewhere else -- and we would -- we would find another
11 piece of property or another building, hopefully somewhere not
12 20 miles away, that we would have to use as a service building.
13 It would be less efficient. It would be more costly. But
14 we would do it.

15 That is an honest answer to your question. We know
16 that there is another permanent location somewhere. We are
17 going to pursue the BCDC application, which we think we are
18 entitled to, and Mr. Gill knows more about the planning for
19 the whole area than I do.

20 MR. ROBERT KATZ: Mr. Chairman, may the public be
21 heard at some point or other?

22 PRESIDENT RUDDEN: Go right ahead.

23 MR. KATZ: I worked very hard for ten years on
24 plans for the waterfront, and I spent a lot of time, and that
25 is the reason I am here. I am not here for a vendetta with
26 anybody.

27 What I wanted to speak about is the data that I
28 think you should have and that were not presented to you, and

1 I think that would complete the picture. I would like to
2 read to you from the EIR, and there is just one sentence.

3 "The garage would also include an additional 3,500
4 square feet of commercial, office and service facilities for
5 management and the police of the project area."

6 In other words, at the time of the EIR, the garage
7 was very much considered, part, as where the maintenance would
8 go.

9 I have studied the application to BCDC, as well as
10 the permits from BCDC, where I could not find one word about
11 a service building.

12 Now the question before you is simply the question
13 that interests my organization, the keeping open of all
14 options for Pier 35 for maritime. That is very important as
15 a maritime facility.

16 We feel that we could easily support Pier 33 as an
17 alternative. Pier 35 we have difficulty with, because it is
18 a maritime pier, and a significant maritime pier. Anybody
19 who has watched the QUEEN ELIZABETH come, and all these other
20 things, knows that, to a very difficult Port like San Francisco,
21 the symbol of an active maritime pier is very important, and
22 we don't feel that you should declare part of it surplus to
23 maritime use. You can't be partly pregnant. Either you are
24 pregnant or you are not pregnant. If it is no longer maritime,
25 then that is permanent, even though it may be removed later on.

26 We did talk to Mr. Simmons, and we did try to
27 cooperate as much as we can with suggestions. But Pier 33,
28 which is already half warehouse operations, might be a

1 solution.

2 We feel that the garage is the solution, because
3 I have talked to several responsible architects, who have
4 assured me that 350 square feet per car, including maneuver-
5 ing in and out, is a standard figure. If you take 15,000
6 feet -- and by the way, it has now risen to 20,000 feet, I
7 don't know why -- there would be a loss of around 40 spaces
8 in the garage, which is really negligible in comparison with
9 the fact that if the maintenance building were in the garage
10 it would be smack across from the pier.

11 Seawall Lot 312, which I agree with Mr. Simmons, he
12 tried very hard to put the maintenance building there, but
13 it is not adequate for the maintenance building, but it is
14 very adequate for the maintenance yard, so if the maintenance
15 were in the garage, and Seawall Lot 312 for the yard, where
16 he could store his planting materials, have a small building
17 on it, that would be a very, very simple solution, very
18 close to his project, and very close to the tenants who will
19 use the storage.

20 As a fall-back position, we felt that Pier 33 would
21 be better. Now, we recognize certain problems, and we are
22 not out to dispute Mr. Simmons, but we think problems can be
23 overcome. Mr. Simmons made a speech the other day before the
24 Commonwealth Club saying how successful this thing was going
25 to be, and we are sure it is going to be.

26 The problem with Pier 33 is simply the left turn.
27 Now, I live in that area, and I drive it every day, and I have
28 driven it, and I have walked it, and with the installation of

1 one more traffic light that problem could be easily solved.

2 There is a parking platform between 33 and 31 where
3 trucks could drive in.

4 In summary, what we feel is that the garage plus
5 Seawall Lot 312 would be the ideal solution. If that is not
6 feasible, for reasons that escape us, Pier 33 would be much
7 better than Pier 35, because Pier 35 should remain for maritime
8 use.

9 COMMISSIONER ROTHENBERG: Mr. Katz, as a short-term
10 alternative or a permanent one? It is unclear. You are
11 conveying a sense of permanency that none of us want.

12 MR. KATZ: I really can't talk to that. I am not
13 telling the Port Commission what I think you should do. I
14 am telling the Port Commission some ideas that I have.

15 COMMISSIONER ROTHENBERG: Well, just dealing with
16 the narrow question of what do we do to help them for two
17 years, and I don't think the seawall lot is an alternative
18 they could go into tomorrow, even if they wanted to.

19 MR. KATZ: No, but if they had two years, let's
20 say --

21 COMMISSIONER ROTHENBERG: But we are just worrying
22 about the first two years. We would like your counsel on that
23 matter.

24 MR. KATZ: I understand. The garage, for instance,
25 is not built yet, so at this moment there are certain dif-
26 ficulties, architectural difficulties.

27 COMMISSIONER ROTHENBERG: There seem to be two
28 choices, 33 and 35, and that we could use your counsel on,

1 because that is what we have got to vote on now.

2 MR. KATZ: I am talking about the garage in terms
3 of the permanent solution.

4 COMMISSIONER ROTHENBERG: Can we just do it for the
5 temporary one?

6 MR. KATZ: Are you simply what our opinion is about
7 the length --

8 COMMISSIONER ROTHENBERG: No, 35 or 33.

9 MR. KATZ: 33 would seem to us to be the ideal
10 choice from the point of view of the Port. You see, there
11 are two ideal solutions. One is more ideal to the developer,
12 and one is more ideal to the Port. As a citizen I take the
13 point of view that the Port comes first and the developer
14 second. He already has a pretty good lease. I would think 33
15 would be preferable.

16 COMMISSIONER MORRISON: Mr. Katz, may I ask a
17 question, and let me go back to what I said earlier.

18 It appears now, as it did not appear so certain two
19 weeks ago, that Mr. Simmons wishes to pursue the bulkhead
20 location before BCDC.

21 Now, a temporary lease of Pier 35, in my view at
22 this moment, would aid him in the ultimate construction of
23 the bulkhead building. Do you agree with that or not?

24 MR. KATZ: I don't believe so, and the reason I
25 don't believe so is, I think from the point of view of the
26 BCDC laws as I understand them -- I don't know how the commis-
27 sion will decide -- a warehouse on the waterfront, in a prime
28 location on the waterfront, is not only contrary to the spirit

1 but also the letter of the law, of many laws.

2 So I think that BCDC would have to base their
3 decision not on the question of whether Mr. Simmons has
4 found temporary quarters or not.

5 I have talked to some people at BCDC about Pier 33,
6 and they assured me that if he were accommodated at Pier 33,
7 BCDC would probably be able to give approval right away,
8 because there is no change in use. The warehouse portion of
9 Pier 33 is already used as warehouse, so BCDC is not concerned.

10 This is just an opinion. So 33 would have no
11 difficulty with BCDC. 35 would need a ruling by BCDC,
12 because it is designated as maritime, fully maritime, in all
13 the plans.

14 MR. CHARLES GILL: I am Charles Gill, with the
15 Department of City Planning, and have been directly involved
16 with this project for a number of years, and I want to make
17 a couple of points.

18 First of all, we admit, I think, that the EIR is
19 less than adequate in certain respects, but I know that the
20 3,500 square feet that was being referred to in the garage
21 was, at the time the EIR was written, being considered for
22 professional offices and related facilities, and never was to
23 be the maritime facility. I am sorry, the maintenance facility.

24 I think I mentioned two weeks ago that we encouraged
25 the developer to create the maintenance facility as far away
26 from the rest of the project as possible and within his
27 project area, and that was the site that was chosen.

28 I do intend to go to BCDC and lobby heavily in favor

1 of the bulkhead location for the maintenance building,
2 contrary to what Mr. Goldman just said. I feel I have to do
3 that because of a discussion that occurred in our Commission
4 a number of months ago, in which the commissioners asked the
5 City Attorney, can the Commission reconsider a number of
6 items-- one of them was the maintenance building -- such as
7 requiring the developer to put it somewhere else. They also
8 talked about the bridge and other things at that time.

9 The City Attorney said no, they cannot do that.
10 Just as this Commission has done, our Commission granted
11 permission for the maintenance building to be in exactly the
12 location that is shown on all the plans and, as a matter of
13 fact, was shown on the plans that were submitted to BCDC,
14 also.

15 Through the City Attorney's ruling, and other
16 actions, I feel I have a responsibility to support that applica-
17 tion that has been granted permission from our Commission
18 to be located at the bulkhead. That is the best solution for
19 the project, and as far as I am concerned, it would not serve
20 the interests of the City to toss the maintenance facility
21 around to other locations and shuffled around in any way
22 whatsoever. The best possible solution for the City is to have
23 the project be completed on schedule, and that includes having
24 the maintenance facility at the bulkhead location as we
25 originally approved it.

26 COMMISSIONER BRIDGES: There is no doubt, as far
27 as I am concerned, that we want to preserve 35 for maritime
28 purposes. It is also my judgment that temporary use of this

1 20,000 feet will not in any way stop us from doing that. We
2 can still have 35, in my judgment, as a full-fledged maritime
3 facility, and the other thing won't make any difference at all,
4 even if it was permanent.

5 On the other hand we have a proposition before us
6 to allow the space to be used to finish up the Simmons
7 project. At best, they might be there for two years.

8 Now, by golly, I think Simmons deserves to get a
9 chance to finish up that project. He is the only developer
10 that stuck around, spent all kinds of money, all kinds of
11 time, and is about the only thing the Port can point to to
12 show that we have done something. All the other plans have
13 gone down the drain for one reason or another, whether it be
14 BCDC or somebody else, and U.S. Steel or somebody else.

15 The Port is being blasted all over the country as
16 a do-nothing record program. I am not going to stand by here
17 and say any more.

18 We discussed it last time, and that is the matter
19 before us, that Simmons have the 20,000 feet on Pier 35. He
20 can't have it for more than two years. It will be less than
21 that if we decide he has got to get out. We serve notice on
22 him to get out, whatever the reason. We are not going to argue
23 with him about why he has to get out. He has got to get out
24 if we say so.

25 I think we ought to knock it off now, and give the
26 lease on the pier for two years and, if things change around,
27 and BCDC reconsiders it again so he can have it on the bulk-
28 head, all right.

1 We got started on this because there were objections,
2 and coming from Mr. Katz' group, no shed on the bulkhead.
3 That is how we got into this in the first place. I think we
4 ought to go ahead and vote on the matter before us now,
5 which is, let him have the two years, subject to less time
6 than that if we serve notice on him to get out.

7 COMMISSIONER ROTHENBERG: I think at the last meet-
8 ing we agreed to vote all these matters simultaneously,
9 declaring it surplus and awarding.

10 COMMISSIONER MORRISON: Mr. President, Mr. Rudy and
11 Mr. Simmons have moved very adroitly this morning to solve
12 the problem. They have come around to the terms that were
13 proposed, really, by the Commission the last time, and not by
14 them. We did not take any formal action on that, but I
15 think that we must acknowledge that, informally, we indicated
16 that we would go along with the two-year lease.

17 Now, this morning I am rather disturbed to hear
18 Mr. Gill say the Planning Commission will lobby vigorously for
19 the bulkhead location. It has always seemed to me that
20 another location ought to be sought, and I agree with Mr. Katz
21 that Pier 33, looking at it now, is the best way we could go.

22 I think we ought to act on this, so I am going to
23 propose a substitute motion, Mr. President, that this matter
24 be continued for two weeks, that in the meanwhile the Port
25 staff negotiate with Mr. Simmons and Mr. Rudy on a location
26 at Pier 33 for the maintenance facility.

27 (The motion was not seconded.)

28 COMMISSIONER BRIDGES: Let's proceed on the other

1 motion.

2 PRESIDENT RUDDEN: I feel that we have had this
3 long enough. I would like to stress again the temporary
4 nature of this, and the fact that the strongest possible
5 language should be put in there, so there isn't any doubt.

6 If this came up before me again, I would vote the
7 other way if I thought there was any move to extend this
8 beyond the temporary period. That is my feeling on it.

9 COMMISSIONER MORRISON: Mr. President, I can count
10 up to three, and I see what is in prospect here. I wonder if
11 a majority of the Commission would agree to some stronger
12 sanction in the event of noncompliance.

13 COMMISSIONER ROTHENBERG: Well, we have a \$100,000
14 bond.

15 COMMISSIONER GOLDMAN: Mr. Chairman, I would like to
16 support the Pier 33 motion, but I have reached my personal
17 conclusion that, with a strong two-year moratorium on the
18 use of Pier 35, I am prepared to accept that.

19 In doing so, I want to make sure, as has just been
20 raised, there will be conditions on the moving from that
21 location strong enough to make sure that, as we are voting
22 on this, whenever that starts -- I am not sure when it starts,
23 by the way. Does it start today? Anyhow, I guess the day
24 they start to prepare the place -- that they will be out.

25 Under those circumstances, I think the burden is on
26 them, but I want it to be clear.

27 PRESIDENT RUDDEN: I would go along with that.

28 COMMISSIONER MORRISON: May we have it stated again

1 what the sanctions are in the event of noncompliance?

2 PRESIDENT RUDDEN: Mr. Rudy, could you tell us what
3 the sanctions are?

4 COMMISSIONER MORRISON: No, the staff.

5 COMMISSIONER ROTHENBERG: As I remember, it was
6 \$100,000 performance bond. I don't know what else you can
7 do unless you increase the bond.

8 COMMISSIONER GOLDMAN: May I suggest that it be
9 increased as part of the motion? Is that adequate?

10 MR. RUDY: Well, Mr. President, we want any
11 effective sanction that you can think of. We talked about
12 \$100,000 available by an ordinary surety bond or by letter of
13 credit. I don't know, but security adequate, and it seems to
14 me \$100,000, apart from the fact that if the agreement is
15 drawn properly, as it will be, you could go into a court and
16 stop us from coming onto the pier after two years.

17 COMMISSIONER GOLDMAN: I will accept that \$100,000
18 bond, as long as the agreement is clear-cut.

19 PRESIDENT RUDDEN: On the letter of credit, I don't
20 think it makes any difference whether it is a letter of
21 credit or --

22 COMMISSIONER ROTHENBERG: As long as it is an
23 enforceable security.

24 COMMISSIONER GOLDMAN: I think the vote should be
25 recorded.

26 COMMISSIONER ROTHENBERG: Our counsel needs to make
27 sure we are doing this properly. We are voting to declare the
28 20,000 square feet surplus to maritime and, two --

02
1 MR. LYNCH: I think they should be handled as
2 separate items. First, declare it surplus. Second, if
3 you determine to lease it, you also determine this will yield
4 maximum profits.

5 COMMISSIONER BRIDGES: Move to declare it surplus.

6 COMMISSIONER ROTHENBERG: Second.

7 COMMISSIONER GOLDMAN: Only one question about it.
8 By declaring this 20,000 square feet surplus, I don't want
9 that to prevent us from doing a thorough study as to what the
10 total surplus at Pier 35 might be. That is a separate issue
11 we will take up subsequently.

12 (The motion was carried unanimously: Commissioners
13 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

14 PRESIDENT RUDDEN: Then we have the other motion.
15 That is consideration of the request of the North Point Pier,
16 Inc. to lease, and the term is amended to two years, or one
17 year after we serve notice.

18 COMMISSIONER GOLDMAN: And posting a bond of \$100,000
19 to make certain they are out on a given date. And that the
20 two years start from the day that you first start construc-
21 tion.

22 COMMISSIONER ROTHENBERG: Well, start it from the
23 day they execute the lease. That is usually what we do.

24 MR. THIEMANN: I think, in fairness to the tenant,
25 you really should start it the day work commences.

26 COMMISSIONER GOLDMAN: That is all right with me.

27 COMMISSIONER BRIDGES: Work commences on what?

28 MR. THIEMANN: To prepare the pier for occupancy.

1 In other words, our present tenant, California Stevedore and
2 Ballast, is paying us rent for that space. Until the day
3 they vacate the space and turn it over to Simmons for altera-
4 tions, I don't think you should charge this man.

5 COMMISSIONER BRIDGES: Wasn't there a recommendation
6 at the last meeting, staff recommendation, dated from the day
7 of the lease?

8 MR. THIEMANN: No, sir.

9 COMMISSIONER GOLDMAN: It is only a matter of days.

10 COMMISSIONER MORRISON: Mr. Thiemann, you have
11 brought up an interesting question here. The \$14,000 a year
12 is not a set-off against CS&B, is it?

13 MR. THIEMANN: No. CS&B, their space will be reduced,
14 and their rent reduced accordingly, but not quite \$14,000.

15 PRESIDENT RUDDEN: Can we vote on this, then.

16 COMMISSIONER ROTHENBERG: Move approval.

17 COMMISSIONER GOLDMAN: Second.

18 MR. LYNCH: I have to remind the Commission that
19 you also have to find that this lease will yield maximum
20 profit.

21 MR. THIEMANN: That was part of my back-up material
22 at the last meeting. What I advised the Commission was that,
23 due to the fact that this was to be a short-term use, with
24 a one-year opportunity of canceling, in my opinion this was
25 the most per square foot that we could obtain under the
26 circumstances.

27 (The motion was carried unanimously: Commissioners
28 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

1 (Whereupon the remaining items on the agenda were
2 out over, and the meeting adjourned at 12:10 p.m.)
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SAN FRANCISCO PORT COMMISSION

REGULAR MEETING

May 10, 1978

MAY 23 1978

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1 COMMISSIONERS PRESENT:

2 James J. Rudden, President

3 Harry Bridges

4 Richard N. Goldman

5 Jack Morrison

6 Alan E. Rothenberg

7
8 COMMISSIONERS ABSENT: None

9
10 ALSO PRESENT:

11 Edward L. David, Acting Port Director

12 Julius E. Herren, Bureau Chief, Finance & Admin.

13 William Lynch, Deputy City Attorney

14 Anthony J. Taormina, Deputy Port Director

15 Harry J. Thiemann, Commercial Property Manager

16 Charles Vickers, Chief Engineer

C O N T E N T S

<u>Item</u>		<u>Page</u>
1.	Call to Order	1
2.	Approval of Minutes	1
4.	Report of Bureau Chief, Finance & Admin.	1
3.	Executive Office Report	5
	Creative Power Foundation	12
6.	California Stevedore and Ballast License, Pier 35	43
5.	Consent Calendar	52
7.	Brinks Contract for Collection and Deposit of parking meter revenues	53
8.	Maintenance Projects, Piers 29, 49, 70 and 90	57
9.	Licenses and Leases Nos. L9850 through T9854	65

P R O C E E D I N G S

PRESIDENT RUDDEN: I guess we are about ready.

MR. TAORMINA: Mr. President, Mr. David just stepped out. He asked me if we can start and go on to the consent items, and go back to his report.

PRESIDENT RUDDEN: Just one moment, please.

Okay.

MR. TAORMINA: Mr. President, members of the Commission, Item No. 2 is approval of the minutes of April 12, 1978 and April 26, 1978.

COMMISSIONER ROTHENBERG: So move.

(The motion was seconded and carried unanimously: Commissioners Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

MR. TAORMINA: We will pass over the Executive Office report until Mr. David returns.

Mr. Herren, do you have a report from the Bureau Chief?

MR. HERREN: Yes.

Good morning, Mr. President, gentlemen of the board.

I would like to make a progress report on our percentage rental audits. It has taken a little bit longer than we anticipated, because we went back three years on each audit, and some as much as five years where we found an error.

We are billing people the shortages as they come in. They should be finished within the next 30 days, and at that

1 time I will give you a complete report. We have some pretty
2 flagrant violations of the leases, and these matters will be
3 brought to you at that time.

4 COMMISSIONER ROTHENBERG: Are we entitled to a copy
5 of the tax returns filed by these businesses as a form of
6 audit check? I asked this question once before, and no one
7 knew.

8 MR. HERREN: We are entitled to get anything that
9 we need that is called for in the lease. I don't know
10 whether tax returns are called for in there or not. I will
11 check it out and see.

12 COMMISSIONER ROTHENBERG: I know we are authorized
13 to look at these various restaurants' books, but I wasn't
14 sure --

15 MR. THIEMANN: Sales tax returns we are entitled
16 to examine.

17 COMMISSIONER ROTHENBERG: For these business
18 entities, I was curious to see whether their reportable
19 revenues differ from what we are seeing on the books.

20 MR. LYNCH: Of course, the Internal Revenue reports
21 are normally confidential, unless the tenant waives them.
22 At this point there is no provision for waiver in our lease.
23 It might be something that we should consider.

24 COMMISSIONER ROTHENBERG: I was just trying to
25 think that the most automatic way would be to audit something
26 they are least likely to want to alter.

27 Are we still going under the same area on our new
28 leases? Do we still use the same ones of five and seven and

1 six and eight, in terms of liquor and food and --

2 MR. THIEMANN: Well, presently we are asking a
3 minimum of six percent on food, eight percent on liquor, and
4 ten percent on other sales. That is our minimum that we will
5 accept.

6 COMMISSIONER ROTHENBERG: If we find someone who
7 is in flagrant violation of our lease, does that give us
8 the right to terminate the lease?

9 MR. THIEMANN: The second time it does. There is
10 a big penalty the first time, ten times the amount due.

11 COMMISSIONER ROTHENBERG: So that in itself is a
12 big inducement to these 66-year lease holders?

13 MR. THIEMANN: To be honest, yes.

14 COMMISSIONER GOLDMAN: Excuse me. When you say
15 that is our minimum, what is our maximum?

16 MR. THIEMANN: Anything that the bidder wishes to
17 offer us.

18 COMMISSIONER GOLDMAN: Wait a minute. If they
19 know what the minimum is, what are they going to offer us?
20 How do we negotiate these things?

21 MR. THIEMANN: Well, it is a question of negotia-
22 tion. Actually, under your present leasing policy, we
23 would not be negotiating a restaurant lease. We would be
24 putting it out to bid.

25 The least that the Commission has accepted within
26 the last year or two has been six, eight and ten. If the
27 bidder wants to bid 10, 20 and 30, that is up to him. But
28 if his pro forma doesn't indicate that he is going to be able

1 to pay that and stay in business, obviously we would take a
2 good, hard look at it.

3 COMMISSIONER GOLDMAN: What is the going rate
4 outside of the Port?

5 MR. THIEMANN: Outside of the Port it is less than
6 that in most areas.

7 COMMISSIONER GOLDMAN: Less?

8 MR. THIEMANN: Yes, sir. We are considered
9 shylocks in our six, eight and ten.

10 COMMISSIONER GOLDMAN: Shylocks?

11 MR. THIEMANN: That's right.

12 COMMISSIONER GOLDMAN: How do people accept it,
13 then, if they can do better elsewhere?

14 MR. THIEMANN: Because they can't do better else-
15 where. We have this unique property.

16 COMMISSIONER GOLDMAN: What has that got to do with
17 shylock, if we have something better to offer?

18 MR. THIEMANN: Each time that I speak to someone
19 in this business, either the restaurant business or the real
20 estate business, about our percentages, they tell me that
21 we get top dollar as far as they are concerned, as far as
22 percentages.

23 COMMISSIONER GOLDMAN: That is my question. Are we
24 getting top dollar in the community?

25 MR. THIEMANN: Yes, we are. There may be some
26 isolated instances which, for a specific reason in that
27 instance, they are getting more. I don't know of anybody
28 that is paying more than six, eight and ten at this time

1 in San Francisco.

2 COMMISSIONER GOLDMAN: Do we have anybody that is
3 paying less?

4 MR. THIEMANN: Yes. Those have been negotiated in
5 past years. The restaurants at Fisherman's Wharf, the
6 original 66-year leases, are paying five and six and a half.

7 COMMISSIONER GOLDMAN: For 66 years?

8 MR. THIEMANN: As I recall those leases, they are
9 reviewable after 25 years.

10 COMMISSIONER GOLDMAN: After the first 25 years,
11 and there is no cost-of-living escalation?

12 MR. THIEMANN: Yes, there is on the minimum, not on
13 the percentages. We now write review the percentages every
14 five years.

15 PRESIDENT RUDDEN: Shall we move along?

16 MR. TAORMINA: Mr. Chairman, we have the Executive
17 Office report from the Port Director.

18 COMMISSIONER GOLDMAN: Is that all your report is,
19 Mr. Herren?

20 MR. HERREN: Yes, sir, for today.

21 MR. DAVID: I wanted to report to you, you gave
22 an extension on the proposals for the Central Basin marina,
23 and we have now received the new proposals, which were
24 scheduled to come in on May 1. We received three. Is that
25 right, Harry?

26 MR. THIEMANN: Yes, sir.

27 MR. DAVID: We are reviewing those, and will have a
28 recommendation at your next regular meeting, the Pier 54

1 marina.

2 COMMISSIONER GOLDMAN: Question. There was some
3 discussion when this was first presented as to whether it
4 was appropriate to receive these plans at this stage, in the
5 light of further development on the inland side of the area.

6 Now, is the Port staff just going to study these
7 three recommendations and recommend one of them, or is it
8 possible that they are going to present to us some reason
9 to postpone action at this time?

10 MR. DAVID: I recognize what you say, and we are
11 going to look into that. Further, we have received a pre-
12 liminary draft of our report from Moffet-Nichols about the
13 future maritime potential for the Port of San Francisco.
14 We will have the final report on that to Mr. Vickers by the
15 first of the week, and we will be analyzing that, plus the
16 other uses for the back-up area, when we review these
17 proposals.

18 COMMISSIONER GOLDMAN: Then it is possible that
19 your recommendation will be to postpone action on any pro-
20 posal?

21 MR. DAVID: It is possible, yes.

22 COMMISSIONER ROTHENBERG: When you come back to us,
23 will you just make sure that we have some communication from
24 Bethlehem Steel yards about what their future plans are?
25 Remember, that was one of the imponderables.

26 MR. DAVID: Yes.

27 COMMISSIONER ROTHENBERG: I just want to make sure
28 you include that.

1 MR. DAVID: I wanted to bring to your attention
2 that the Board of Supervisors have proposed a charter amend-
3 ment requiring that real estate leases in excess of ten
4 years or having revenue of at least \$1,000,000 be subject to
5 the approval of the Board of Supervisors.

6 We are going to request the City Attorney to ask
7 him for an opinion to determine what effect this has on the
8 Port Commission. Our first reaction is that it has none,
9 but I think it is a very serious matter.

10 COMMISSIONER GOLDMAN: You mean it doesn't apply
11 to the Port?

12 MR. DAVID: This is our opinion. We are asking the
13 City Attorney for a formal opinion. This is all leases with
14 the City over ten years.

15 MR. TAORMINA: Actually, in talking with some
16 people, it was a direct outgrowth of some of the problems
17 they were having with the Rec and Parks Department leasing
18 out the properties.

19 Because the Transfer Agreement in the Burton Act
20 does give exclusive power to the Port Commission. Also,
21 the Charter amendment as proposed, not only does it deal with
22 new leases. It would mean an amendment, modification, any-
23 thing. So it could have a very serious effect.

24 MR. DAVID: Again with the Board of Supervisors,
25 the Board of Supervisors, on a unanimous vote, asked the
26 City Attorney to go to court to return the full cost of the
27 fireboat to the Port Commission, and here again we are asking
28 for advice from counsel.

1 COMMISSIONER BRIDGES: To go to court, you say?

2 MR. DAVID: Yes. They have asked -- Mr. Lynch, is
3 it not correct? -- they have asked the City Attorney to go
4 to the superior court to make a determination as to whether
5 the Port can be held for the total cost of the fireboat.

6 MR. LYNCH: They want the City Attorney to sue the
7 Port in a declaratory relief action, to let the court decide
8 who is responsible for the funding of the fireboat.

9 COMMISSIONER GOLDMAN: If that is the case, who is
10 going to represent the Port?

11 MR. LYNCH: This is a matter, since it is potential
12 litigation, that I would prefer to discuss in executive
13 session with the Commission at the conclusion of this meeting.

14 COMMISSIONER GOLDMAN: Well, I think it is public,
15 where the City Attorney is suing the Port, someone else has
16 to defend them.

17 MR. LYNCH: The first consideration is, to my
18 knowledge, the formal request has not reached the City
19 Attorney's office yet, and then that is a decision that is
20 going to have to be made by the City Attorney when it reaches
21 the office.

22 Obviously, the Port Commission and the Board of
23 Supervisors cannot have the same counsel. There are also
24 ramifications as to whether the Attorney General should be
25 representing the Port, since the Attorney General represents
26 the other party to the Transfer Agreement.

27 COMMISSIONER ROTHENBERG: What is interesting is,
28 since the City Attorney usually approves outside counsel when

1 we hire them, it is a unique case where he gets to approve
2 who is going to appear against him in court.

3 COMMISSIONER BRIDGES: That is not the point that
4 bothers me. Unless this is way out, something like trying
5 to find an arbitrator, just let me see if I have got it right.

6 Now, the question here goes to the court. The
7 judge is going to sit there and listen to the evidence, and
8 that will include, number one, do we need a fireboat, and
9 what is the fireboat for. All those questions come into it.
10 They are not legal questions, but they are a part, and they
11 have to be argued and presented as a part, asking for a legal
12 decision. So the judge is going to make that decision.

13 MR. LYNCH: That is correct.

14 COMMISSIONER BRIDGES: Notwithstanding what we
15 think.

16 MR. LYNCH: The Port will present its best case,
17 the Board will present its best case, and then the judge will
18 decide.

19 COMMISSIONER BRIDGES: So we will present a case
20 saying, in our opinion, possible experts on this whole thing,
21 on the harbor and what the Port needs, and so forth, especial-
22 ly in the matter of fire protection, protection of the ships
23 and things like that. We present arguments in good faith,
24 and then the judge finally renders a decision and decides
25 whether we will have a fireboat or no. The main thing is,
26 who pays for it.

27 You can't get around to that until you decide that
28 we need it, and why we need it. Right?

1 MR. LYNCH: That's right, but these are issues that
2 I would prefer to discuss in executive session. You don't
3 want to advertise to your opponent, your adversary, what
4 issues you are going to raise, or what ammunition you are
5 going to fire.

6 COMMISSIONER BRIDGES: I just think it is crazy.

7 COMMISSIONER ROTHENBERG: I don't want to drag it
8 out, but I have one question I think is useful.

9 To the extent, were we to go to court over this
10 matter and the court to declare that they don't think the
11 Port should pay anything, what effect would that have on the
12 decision to buy a new fireboat or not, or, since that has
13 been approved by the voters, isn't that an issue?

14 COMMISSIONER GOLDMAN: This may be a little bit
15 down the road. I think it is important that the record show
16 that evidently the Fire Department has better lobbying tech-
17 niques with the Board of Supervisors than the Port, because
18 I can't understand the supervisors getting so involved.

19 COMMISSIONER ROTHENBERG: That is not the issue.
20 What I was addressing is, to the extent that we are going to
21 court to clarify, once and for all, this issue, would it be
22 in our interest to get an injunction to see to it that the
23 Fire Department does move forward and order the new fireboat?

24 MR. LYNCH: I don't believe that the new fireboat
25 is relevant to the issues involved here. The only obligations
26 on the Port Commission are those obligations stated in the
27 Burton Act and the Transfer Agreement.

28 COMMISSIONER ROTHENBERG: Well, we can discuss it.

1 PRESIDENT RUDDEN: What we are talking about is the
2 matter of counsel, to begin with.

3 COMMISSIONER GOLDMAN: Well, we are talking about
4 something before that, why in the world the supervisors are
5 asking the court to rule. Is this a standard procedure?

6 COMMISSIONER BRIDGES: I was up before the Board on
7 this issue, saying we need the fireboat, and we want them to
8 pay for it. This is not a new one. We all know the score
9 on this. They are not going to object to a fireboat. The
10 question is who the hell is going to pay for it.

11 I don't like the matter going to the court, either,
12 but I suppose I can understand, sitting on the Board there,
13 well, this is a good way. They won't make a decision one
14 way or the other. Leave it up to the judge.

15 COMMISSIONER ROTHENBERG: I think they are bad
16 losers.

17 COMMISSIONER BRIDGES: Let's hope they lose. I
18 want to make sure they lose.

19 MR. DAVID: Mr. Chairman, we are going to ask, at
20 the end of your regular calendar, that you go into executive
21 session and discuss this matter and other matters of litigation,
22 and the hiring of a consultant, which we will discuss
23 in executive session.

24 COMMISSIONER BRIDGES: Consultant on what? On the
25 fireboat?

26 MR. DAVID: No.

27 On a more positive note, I am sure you are aware,
28 from reading the newspapers, that our bond relief legislation

1 in Sacramento went through the Local Government Committee
2 on a 9 - 2 vote, and now it will go to Ways and Means in the
3 Assembly sometime in the next couple of weeks.

4 COMMISSIONER BRIDGES: I was up in Sacramento
5 yesterday, and my undercover information is that it looks
6 good.

7 MR. DAVID: That is the way I understand.

8 Further, the Senate has authorized the Fisherman's
9 Wharf breakwater as part of the House bill, and the Port
10 staff is now seeking the appropriation for the engineering
11 of the breakwater. This has been about a 15-year project.

12 The other issue I have regards the use of Piers
13 19 and 23 in our Foreign Trade Zone. The operator of the
14 Zone, Mr. Osgood, has asked for permission to have a recep-
15 tion held there on May 27.

16 The staff has indicated their disapproval of this
17 request, and Mr. Osgood has asked to address the Commission.

18 I might add that the staff is prepared to discuss
19 an alternate location for this reception.

20 Mr. Osgood?

21 MR. E. D. OSGOOD: Gentlemen, I don't know how to
22 start this, but perhaps we should first review the activities
23 very briefly of the Foreign Trade Zone, if you wish, and then
24 I will explain why we feel this is an important event for
25 the furtherance of the Zone.

26 I don't think you have had a chance, perhaps, to
27 see the brochures. We just had 20,000 of these come off the
28 press. I think we have done a fine job in the Zone. We

1 have had 25,000 of these mailed out. We have had press in
2 a number of publications, such as the Examiner and the
3 Chronicle. We have had press in the Chamber of Commerce
4 magazine. This is all new. A proclamation from the Mayor.
5 We are working with the Bank of America. In the Customs
6 Brokers and Freight Forwarders we have had coverage, which
7 we never had before. Daily Commercial News of the Port's
8 Harbor, and basically we are progressing very well within the
9 Foreign Trade Zone, within the limitations of the space and
10 our ability.

11 As far as business is concerned, U. S. Customs has
12 reported an increase of activity of 41 percent in the new
13 Zone. This means jobs and commercial activity, and I think
14 that, basically, we are on our way.

15 We have substantial plans, also, for the development
16 of Pier 19. Pier 23 actually has 100,000 feet, and that is
17 pretty well occupied by these tenants. We have over 100 of
18 them now, and we are in the process of developing new business,
19 and we are drawing up some architectural plans for an import
20 merchandise mart at Pier 19, which we think will attract a
21 lot of new business to San Francisco.

22 Basically, to set the stage, I think that we are
23 doing a good job for you. We are paying a substantial amount
24 of rent, and have taken over some customs burdens from you,
25 and the Foreign Trade Zone is going well here. I am proud of
26 the fact we have been able to do that for the Port.

27 One of our problems has been, of course, the cash
28 flow situation, and the inability, with a Foreign Trade Zone

1 which traditionally loses money, to go as rapidly as possible
2 and do everything that we wish to do in the particular zone.
3 From that standpoint, we have already put in over \$150,000.
4 We have sprinklered Pier 23, and we have some other things
5 to do before we can get a finished program in front of you
6 for the development of 19 and the bulkhead.

7 In the meantime, we have a nonprofit organization,
8 and they can speak for themselves later, come to us and
9 suggest that they want to have one event on a Saturday night
10 on Pier 19, which is unoccupied at the present time, because
11 we are in the process of trying to line up both tenants,
12 financing and architectural designs, and have this event.

13 Of course, I told them originally that there could
14 be problems of fire protection, police protection, and if
15 they could solve that, I saw no reason why they couldn't
16 use that space for that one event. We have the right, in our
17 lease, provided we have a lease in conformity with that with
18 the Port, to sublease that property, because we are basically
19 leasing those piers from you.

20 So we went ahead with the agreement, and their part
21 of the agreement was basically that they were going to pay
22 for the erection of a firewall and a new sprinkler system,
23 which the Fire Marshall had insisted on for the protection
24 of this event.

25 Now, that is a great benefit to the Port because,
26 number one, it reduces the fire hazard in the Port, from
27 the standpoint that it reduces the possibility of fire, and
28 also it decreases the cost of the contents rates of customers

1 who have merchandise in the Zone.

2 They went to the Fire Marshall. They have Chief
3 Casper's okay. As I understand it, they have agreed to have
4 20 policemen on duty, in uniform, so the way I look at it is
5 that they are creating employment, they are creating activity,
6 and while we have this pier undergoing the development, it
7 seemed like a logical thing to do at that particular point.

8 There have been some precedents of the general
9 kind, and this is, in a maritime pier, an activity which
10 fosters further maritime activities, although in itself it
11 is not a maritime activity. They will describe this to you
12 more fully. There will be maritime exhibits.

13 But we urge the commissioners to allow this event
14 to take place. We think it is worthy. It helps you, it
15 helps us, and it creates activities and jobs, and I hope that
16 you will see fit to let these gentlemen go ahead with their
17 project.

18 Perhaps they would like to speak for themselves,
19 if that is your wish, Mr. Chairman.

20 MR. MELVIN HONOWITZ: Mr. Chairman, I am Melvin
21 Honowitz: I am the attorney for the Creative Power Founda-
22 tion, which is a nonprofit organization that has entered
23 into a lease with Mr. Osgood.

24 Briefly, we were established the first part of
25 March as a nonprofit organization, and have obtained our
26 tax exemption from the Franchise Tax Board.

27 We have spent, at this time, a considerable amount
28 of time and money in preparing for the event, which

1 Mr. Mike Maletta, who is the President, will give you in a
2 little more detail.

3 I got involved in this, obviously, when we heard
4 there was a problem and we needed your approval. I spoke,
5 I believe it was last night, with Mr. Lynch. I have never
6 had the pleasure of meeting him until this morning, but we
7 spoke, and his concern was, of course, the maritime use,
8 and how that could be tied in.

9 Let me first of all emphasize that in no way are
10 we limited to not include maritime use. We can put in a
11 complete exhibit into what we are doing, showing the use of
12 the Port, showing any kind of maritime direction that you feel
13 would be helpful.

14 One other thing I want to point out, and then I
15 am going to ask Mr. Maletta to talk about the presentation,
16 is that this event is not just local in scope. We have
17 national scope involved here, and international. We have
18 had people apply for tickets from Germany, Australia. These
19 are people who are business men and financiers.

20 The event will be videotaped and shown in New
21 York, and I believe here, locally, as well.

22 So in terms of giving direction to the port
23 authority, showing what this Port can do and tying it into,
24 in effect, a charitable organization, I think this is an
25 incredible benefit to the Port, and I want you to keep that
26 in mind when you hear Mr. Maletta's presentation.

27 MR. MICHAEL MALETTA: The Creative Power Foundation
28 is a nonprofit organization, and what we are doing is dealing

1 with new forms of theater and entertainment. We are into
2 dealing with participatory theater. We feel we can use our
3 ability as artists and different forms of multimedia pre-
4 sentations, that we can use our ability to present the
5 information that the Port would like to get across, as far
6 as what it has been, or what the future plans are.

7 We have a lot of artists involved, and we are
8 willing to work as close as you want to, to present this
9 across to everybody.

10 A couple of things that we were talking about is
11 to present the possibilities of foreign maritime possibil-
12 ities, and to be a bridge between the San Francisco Port to
13 the Far East. We have already talked to the Asian Museum,
14 and we are willing to work with them on some of the material
15 that they have that we could present, and we could utilize
16 our talent and our artists to get our presentation across.

17 If there are any questions, I would like to answer
18 them, but briefly, that is what our organization is about.

19 COMMISSIONER MORRISON: You have Police Department
20 collaboration?

21 MR. MALETTA: Yes.

22 COMMISSIONER MORRISON: And what will that consist
23 of?

24 MR. MALETTA: Twenty off-duty policemen.

25 PRESIDENT RUDDEN: Twenty off-duty policemen?

26 MR. MALETTA: Yes.

27 PRESIDENT RUDDEN: You don't have any on-duty
28 policemen?

1 MR. MALETTA: If it is necessary we will get them.

2 COMMISSIONER MORRISON: What will be the hours?

3 MR. MALETTA: They will work from 10:00 o'clock
4 until 4:00 o'clock in the morning.

5 MR. HONOWITZ: I might just interject, they will
6 be in uniform.

7 MR. MALETTA: Uniformed policemen, yes.

8 COMMISSIONER MORRISON: And you have obtained
9 approval from the Fire Department?

10 MR. MALETTA: Yes, we have.

11 COMMISSIONER MORRISON: And what prior protective
12 measures will you take?

13 MR. BOB TURNER: We have our floor plan here, with
14 all the details. This a proposal we have, the life safety
15 detailed proposal, which we feel details pretty clearly what
16 we plan to do in terms of -- We are taking every precaution
17 that we can to make certain that this will run very effective-
18 ly and efficiently.

19 COMMISSIONER GOLDMAN: Mr. Chairman, I have got
20 some other questions.

21 MR. HONOWITZ: Gentlemen, if I might interject,
22 our architect, Andy Melcher, is here, and he has the architec-
23 tural plans, so in terms of the life safety question, he
24 can show you those, if you would like, so you can see
25 exactly what precautions have been taken.

26 All of these have been reviewed, and we have the
27 approval of Andy Casper, the Fire Chief.

28 PRESIDENT RUDDEN: Do you have insurance on this?

1 MR. HONOWITZ: Yes, we do.

2 By the way, we could also, in that insurance, it
3 would not be any problem to have the Port authority named
4 as an insured.

5 PRESIDENT RUDDEN: Are there any legal --

6 MR. LYNCH: There are a few legal problems here.
7 Do you want me to answer?

8 PRESIDENT RUDDEN: Yes.

9 Just a moment. Do you want to speak, Dick?

10 COMMISSIONER GOLDMAN: Yes. Before we get to
11 that, Mr. Turner mentioned you had franchise tax clearance.
12 Do you have federal tax clearance?

13 MR. HONOWITZ: We are applying for that. No. We
14 have applied for a definitive opinion. If you are aware of
15 how long it takes sometimes with the IRS, we have not
16 received that back.

17 In our brochures and advertising we are advising
18 all participants of that fact. Once that is clear -- and we
19 have every indication we will get it -- once we get that,
20 anyone who applies for a ticket as a member of the organiza-
21 tion and comes to the event will be getting the information
22 back as to what charitable deduction they can take.

23 COMMISSIONER GOLDMAN: All I see before me and all
24 I know is the name, Creative Power Foundation, supporting
25 visual artistic talents. It is very vague to me. I don't
26 know who you are, or what you are doing.

27 MR. TURNER: Our whole attitude in this is that
28 we want to create an art form where the people that are

1 participating in it, in other words, the people who are
2 buying the tickets, are actually going to be the people who
3 are, in a sense, the entertainer. It is not a passive form
4 of entertainment. It is an entertainment where we do have
5 scheduled entertainers, but everybody, in essence, is a part
6 of what is going on. Everybody is made to feel involved in
7 part of what is going on.

8 We are providing employment for probably 15 to 20
9 local artists: street artists, jugglers, acrobats. They
10 are not people who would ever have an opportunity for
11 appearing before a crowd of four or five thousand people.

12 COMMISSIONER GOLDMAN: Again, you are talking
13 about a foundation. As I understand most foundations, they
14 are raising money in an event to distribute to --

15 MR. MALETTA: Right. This is exactly what we are
16 doing.

17 COMMISSIONER GOLDMAN: But now you are telling me
18 you are just going to have a party. Where does the money
19 go that you raise?

20 MR. TURNER: The proceeds that we have from this
21 function will go toward giving grants to different people
22 in the arts to encourage them. From the money we are raising
23 from the tickets we have already given one man a chance to
24 produce his first record. He will be producing a record for
25 the foundation. We are giving him the money and the oppor-
26 tunity. He is in New York right now working on it. He has
27 started on it.

28 One of the things that we are planning in July is

1 a new form of conceptual dinner theater. There will be four
2 parts to it. There will be a dance company for the first
3 part. The second part will be a comedian, a new street
4 performer called Lulu Rodriguez, who is an incredibly
5 talented woman, just getting started. Another gentleman
6 called Woody Thornton, who just appeared at the San Francisco
7 Opera in the Spring Opera. He has written an opera that we
8 are going to present in July.

9 What we are trying to do is to give a chance to
10 people who really haven't been turned on to different forms
11 of art, have small portions of it in one package. I feel
12 that things like opera and a lot of theater, for people that
13 I know in the City here, they just haven't been exposed to
14 these things.

15 By giving them short portions of opera and things
16 that they really couldn't sit down to see two and a half or
17 three hours of, this is an opportunity to get the situation
18 across.

19 Our whole thing is to give people short amounts of
20 theater so they get turned on to a variety of things.

21 COMMISSIONER GOLDMAN: Is this a local group, a
22 San Francisco group?

23 MR. TURNER: Yes.

24 COMMISSIONER GOLDMAN: And who are your directors?
25 I see your letterhead, but I don't see who is running this
26 thing.

27 MR. TURNER: Well, at this point there are three
28 directors. There are three people involved right now. We

1 have only been three months getting this organized, so our
2 bylaws are not totally --

3 MR. HONOWITZ: Our bylaws are complete.

4 The three directors are Mr. Maletta, Allan
5 Noseworthy and Ed Parenti. All three are artists, and have
6 various degrees backing up with art history, etc.

7 What essentially they are doing is sponsoring
8 events as fund raisers so they can make grants to artists
9 that they screen to put on operas, dance, conceptual art
10 workshops, etc.

11 I brought with me the package that we provided the
12 Franchise Tax Board, and maybe it would just be simpler to
13 read --

14 COMMISSIONER GOLDMAN: I don't want to belabor that,
15 but I would like to come to the party itself, because, after
16 all, you are using Port property, and we want to know what
17 is going to be done with it. That is more critical, now
18 that you have established basically what it is you are doing.

19 MR. HONOWITZ: At that particular event there will
20 be dance. There will be stage presentations, modern dance,
21 in effect. There will be --

22 MR. MALETTA: The record that we are producing will
23 presented that night by the lady that is singing it. We
24 have a man down in L.A. that has been working on a slide show.
25 People who are coming to the party have sent us a slide of
26 themselves. We are putting on a whole slide presentation of
27 the people who will actually be at the party.

28 We are working on a thing with video, so that we

1 will have roving cameramen that will be able to be at one
2 end of the pier, and if something happens that is exciting
3 they will be able to film it and put it on a cassette and
4 play it back later, or in the case we had originally planned,
5 where the pier has two parts, if you are at one side of the
6 pier you will be able to see what is going on on the other
7 side of the pier.

8 Instead of a disc jockey we will have a person
9 who will be able to send video from one screen to the other,
10 so that no matter what is happening, you will be able to
11 see what is going on in the other part of the building.

12 Some of the other things we will be dealing with
13 is a food display. We are not using any heat or any kind
14 of cooking facilities in the area. It is mainly dealing with
15 fruit and things like that. We will be doing food sculptures
16 that will be like 10, 15 feet tall. Two artists will be
17 working on one food sculpture. Each person is doing their
18 own separate, individual trip, so it will be like a gallery
19 of food displays.

20 The same with flours. There are different
21 businesses in town that are going to do sculptures of big,
22 huge, enormous art forms.

23 We are just giving more and more people the opportu-
24 nity to express themselves through their own profession or
25 through their art forms. We are trying to not get standard
26 artists that sit down and have a traditional way of present-
27 ing themselves. We are trying to get people that are just
28 ordinary people to get out there on their free time and do

1 something that makes them feel creative.

2 COMMISSIONER GOLDMAN: You are selling tickets to
3 do this?

4 MR. MALETTA: Yes.

5 COMMISSIONER GOLDMAN: Everybody pays to go, or
6 do the artists get in?

7 MR. MALETTA: The artists, of course, who are
8 putting out the work.

9 COMMISSIONER GOLDMAN: Is there any gambling
10 connected with this?

11 MR. MALETTA: There will be a fund-raising thing.

12 COMMISSIONER GOLDMAN: What does that mean?

13 MR. HONOWITZ: There is a casino that is going to
14 be run.

15 MR. MALETTA: It is a rental, casino rental equip-
16 ment.

17 MR. HONOWITZ: There is no gambling that goes, in
18 effect, to anyone but the foundation.

19 MR. MALETTA: The prizes will be given by people
20 in the community.

21 MR. HONOWITZ: I understand it is a licensed
22 casino that is rented out by various charitable organizations.

23 MR. MALETTA: There is no money exchanged. You
24 get the chips, and you turn the chips in, and you get a
25 choice of a prize. There is no equal exchange in money for
26 it. You have no idea what the prize is.

27 COMMISSIONER GOLDMAN: Mr. Lynch, is that a legal
28 procedure?

1 MR. LYNCH: Well, Section 330 and 333 of the Penal
2 Code prohibit gambling. I called the Police Department
3 about that this morning, so as far as we are concerned, they
4 would have to explain in detail what they are going to do
5 to the Police Department. I think we would be safe in re-
6 quiring a letter from the Police Department informing us
7 whether or not this is condoned activity.

8 COMMISSIONER ROTHENBERG: Mr. Chairman, I was
9 going to say, I don't think it is important to get into the
10 intricacies of the party, because I don't think it is impor-
11 tant to us whether it is a party that we want to go to or not.

12 I think we, as a Commission, have to decide whether
13 this is an allowable use. The only reason I raise that
14 question is, I notice in the letter we just got that, in
15 addition to talking about this event, they throw out the
16 fact, they talk about 12 such functions a year would generate
17 certain revenues, in this case to Mr. Osgood.

18 The way this whole thing is geared, it is something
19 they would like to come back to us, in all probability, if
20 the first one is successful, and do again.

21 I think we have to make a policy decision about
22 whether we feel it is reasonable to allow a maritime
23 facility, in this case really a bonded warehouse, to be used
24 for an entertainment, and it is not dissimilar to the battle
25 we have been into with Mr. Alioto about whether we should
26 allow him to turn his restaurant into a cabaret.

27 I think the question we have to decide, and maybe
28 Mr. David and Mr. Lynch can help us, the merits of the

1 proposal I don't think are what is critical. I think what
2 is critical is, is this an allowable use, given this facility,
3 because we are setting an important precedent here. I think
4 we have got to decide what business we want to be in, and
5 how much flexibility we are going to give our tenants to
6 change what businesses they are in.

7 COMMISSIONER MORRISON: Mr. President, I think that
8 is the critical issue. How do we justify going ahead with
9 the project on the basis of its having some maritime orienta-
10 tion. Mr. Osgood?

11 MR. OSGOOD: On the basis of two items. Number one,
12 there will be maritime exhibits, so in that sense it has a
13 maritime flavor to it.

14 Number two, this is an event that helps further
15 the maritime use of that pier. Therefore, in itself it is a
16 maritime use.

17 I do not agree at all with that business of the
18 12 things a year.

19 COMMISSIONER ROTHENBERG: I am just reading from
20 their letter.

21 MR. OSGOOD: That is very true, sir, but on the
22 other hand, this is not my plan. Our plan is, we are in the
23 process of building a better mousetrap there. It is vacant
24 during this one day. As far as we are concerned, we would
25 hope to have the event there that day. I am sure that there
26 would be no space to do this in the future.

27 MR. HONOWITZ: May I just address the issue that
28 Mr. Rothenberg raised. That was merely put as an example of

1 the possible ways that the Port could gain money and income
2 and prestige. That is not to say in any shape or form that
3 we would intend to use it the 12 times. That was never
4 our intent. This is a one-shot event.

5 The next one, assuming that we can go to the next
6 one, would be a whole different situation.

7 COMMISSIONER ROTHENBERG: Our debate is really
8 with Mr. Osgood, because he is our tenant. The Port, I
9 don't think, wants to make its fame by being the Pearl Mesta
10 of San Francisco.

11 MR. DAVID: Mr. President, the issue with the
12 staff is the use. The Foreign Trade Zone, in the lease that
13 we have with Mr. Osgood it indicates that it will indeed be
14 used as a Foreign Trade Zone and warehousing, and no other
15 purpose.

16 It would seem to me that the staff is sympathetic,
17 to the extent that these people have spent a considerable
18 sum of money. However, it is unfortunate they didn't come
19 to us several months ago.

20 The staff would recommend, if the Commission wants
21 to consider this kind of a function, that we use an alternate
22 facility rather than the Foreign Trade Zone.

23 I further have been told by the manager of the
24 Foreign Trade Zone, Mr. Reimers, that we will be receiving
25 a letter this afternoon from the United States Customs
26 Service, indicating that if this pier is not needed for the
27 Foreign Trade Zone, they are going to take it out of the zone
28 area. I would urge on you to consider an alternate location

1 for this function, which is available.

2 COMMISSIONER BRIDGES: A couple of questions first.

3 COMMISSIONER GOLDMAN: I don't understand that.

4 Please explain that to us. You mean because a special event
5 is being held there, therefore they can withdraw the legal
6 right for us to operate a Foreign Trade Zone?

7 MR. DAVID: Yes, because the permit for the
8 operation of the Foreign Trade Zone was described as Pier 19
9 and 23. Admittedly, Mr. Osgood has had some difficulty in
10 building up the business to such a point that he has to use
11 Pier 19, but the U. S. Customs Service is saying that the
12 intent, the lease that they saw, the approval was given on
13 the basis that 19 and 23 were a Foreign Trade Zone, and this
14 obviously is not a use for which it was intended.

15 MR. OSGOOD: A point of personal privilege. I
16 believe that -- I am not privy to this new information
17 that Mr. Reimers has, but there are two bodies that are in-
18 volved in this. One is U. S. Customs, and U. S. Customs
19 controls the perimeter of Pier 23. The Department of Com-
20 merce, which is a different organization, actually has the
21 grant, and has okayed the use of the two and a half piers,
22 let's say the three piers.

23 U. S. Customs basically is only interested in
24 Pier 23 at this point. U. S. Customs may take the position --
25 I am sure that the grant has nothing to do with it -- that
26 since the other piers are not under their direct control now,
27 that, on a temporary basis, that it shouldn't cross another
28 jurisdiction, which is perfectly logical. I don't think it

1 changes anything too much. but it certainly is something we
2 should discuss in detail, of course.

3 COMMISSIONER MORRISON: Have you been in touch
4 with Customs about the event?

5 MR. OSGOOD: No, but we have told Customs that,
6 if they wish, we would hire special customs people there.

7 COMMISSIONER MORRISON: They raised no objection?

8 MR. OSGOOD: They raised no objection.

9 MR. HONOWITZ: If I might interject one last
10 moment, in terms of precedent, which Mr. Rothenberg raised,
11 it is my understanding that this facility, and similar
12 facilities that come under the foreign trade zone areas,
13 have in the past been used for nonmaritime events.

14 Now, this may or may not have been with the
15 knowledge of this Commission, or of the Director, but in
16 fact they did occur.

17 Now, in effect, we find ourselves in a situation
18 where we want to get approval, and then maybe get rejected,
19 and if we hadn't made any noise, maybe it would have hap-
20 pened, and then you would have heard about it thereafter,
21 so it is like getting your hands slapped for doing what is
22 right.

23 The thing that is important, though, is that it
24 is not precedent-setting, because it is going to have a
25 maritime flavor. You can guide us in terms of what maritime
26 effects you want,

27 Again, it is international in scope. It is going
28 to be nationally televised. It is going to have the impact

1 of showing this Port to the world, and I think that is very,
2 very important.

3 In terms of the presentation inside, we can
4 certainly show the history of the Port, or anything else
5 you think is important. We can get direction from the Port
6 Commission itself on that.

7 To answer the technical legal question, we have a
8 nail we can hang our hat on.

9 COMMISSIONER MORRISON: Mr. President, Mr. David
10 has raised the issue of an alternate location. Let me ask
11 Mr. Maletta to respond to the proposal from Mr. David.

12 MR. MALETTA: Pier 26, is that what you mean?

13 MR. DAVID: Yes.

14 MR. MALETTA: That is okay with us.

15 COMMISSIONER ROTHENBERG: Why don't we just deal
16 with one issue at a time?

17 COMMISSIONER MORRISON: You have spent a good deal
18 of money, you say, advertising the event, and you now turn it
19 around to another location.

20 MR. MALETTA: Well, we can send one postcard out.
21 We have a list of every person who has bought tickets from
22 us. We would prefer 19.

23 COMMISSIONER ROTHENBERG: Is 26 sprinklered?

24 MR. DAVID: Yes, 26 is sprinklered. It is leased
25 to Mr. Osgood.

26 MR. HONOWITZ: One thing we would probably have
27 to do is put someone at Pier 19 directing people who might
28 not have gotten the postcard, etc., down to the other pier.

1 But, again, we have already done our architectural
2 plans. We have committed ourselves to rental of certain
3 equipment. Again, I can show you that.

4 COMMISSIONER ROTHENBERG: Well, a shed is a shed.
5 I doubt if the spatial configuration would be that different.

6 MR. HONOWITZ: It could be done, but, as I say,
7 if we had our first preference, we would like to go with 19.
8 If we have an alternative we can live with and you can live
9 with, by all means that is something we can fall back on,
10 but I think we should address ourselves first to 19, and
11 then, if it is a question as to that, or we can't have it,
12 we go to the other alternative.

13 PRESIDENT RUDDEN: Do we have the same problems
14 in this pier as we do in the other one?

15 MR. LYNCH: First of all, any sublease is going to
16 have to be approved by the Commission before the tenant can
17 enter into it. I think that should be made clear.

18 Secondly, we have the surplus-to-maritime issue,
19 and whether we are talking about a one-day event, the Charter
20 and the Transfer Agreement talk in terms of any lease,
21 franchise, permit, license or privilege, and I think that
22 is an all-encompassing label.

23 If the Commission deems that this activity is
24 surplus to maritime, then it would have to declare the
25 facility, whatever facility that is, surplus to maritime.

26 PRESIDENT RUDDEN: For a day?

27 MR. LYNCH: As I read the Charter, and I know this
28 is going to complicate it, but as I read the Charter, I

1 think that the parties to the Transfer Agreement and to
2 the Charter were talking about surplus to maritime on a
3 more or less extended period of time, rather than one day.
4 Any pier here is surplus to maritime when it is not being
5 used.

6 COMMISSIONER MORRISON: Our alternative is to find
7 that this is a valid maritime use.

8 COMMISSIONER GOLDMAN: Mr. President.

9 Pier 26 is under your jurisdiction, Mr. Osgood?

10 MR. OSGOOD: Yes, sir.

11 COMMISSIONER GOLDMAN: Is it being utilized?

12 MR. OSGOOD: Yes. It is occupied, but we can move
13 stuff around. This is an important event, and we are
14 willing to do extra work to help them.

15 COMMISSIONER GOLDMAN: And what pier was used when
16 there was a tennis party?

17 MR. OSGOOD: There was one at Pier 26. There was
18 one at Pier 35, I think, for the young presidents. There
19 have been a number of these events.

20 COMMISSIONER GOLDMAN: If a tennis match could
21 have been held there, which doesn't have too significant
22 maritime activity, what these gentlemen indicate does have
23 at least a drawing power. I think --

24 COMMISSIONER ROTHENBERG: Wait a minute. I think
25 the issue is, were those tennis matches and other events
26 approved by the Commission?

27 MR. OSGOOD: I don't know.

28 MR. DAVID: No.

1 COMMISSIONER ROTHENBERG: It gets back to the
2 very good question counsel for the appellant asked, and that
3 is, are they getting their hands slapped because they asked,
4 and the reality is, when we are asked, we have to rule on
5 the facts at hand.

6 COMMISSIONER GOLDMAN: Yes, but I don't think we
7 want to set a precedent of these things happening without
8 our knowing it.

9 COMMISSIONER ROTHENBERG: I agree. I just don't
10 think we should accept as precedent something that occurred
11 that we didn't approve.

12 COMMISSIONER GOLDMAN: The fact is that it occurred,
13 and I don't think they should be slapped in this instance.

14 COMMISSIONER ROTHENBERG: I am not saying that. I
15 am just saying I don't think we should use a tennis match
16 as precedent for whatever decisions we make here, given the
17 fact that we might not have approved it if they had come in.
18 Probably we would be having the same debate.

19 COMMISSIONER GOLDMAN: My concern is that whatever
20 action we take today, particularly if it is favorable,
21 unless we make it clear that this is not precedent-setting,
22 which I think we must, it could cause us all sorts of com-
23 plications in the future.

24 I am prepared, if it is in order, to propose --

25 MR. LYNCH: May I give one final item of advice?

26 There is also a BCDC ramification here, and I would
27 suggest that any approval include that the Port approval is
28 not effective until BCDC clearance has been obtained.

1 It is my understanding from talking with Ed David
2 yesterday that BCDC is getting upset with some of the
3 activities of the Port.

4 COMMISSIONER GOLDMAN: May I suggest that there
5 are a number of clearances, I presume, so, subject to the
6 various approvals that would be required, I would like to
7 propose that Pier 26 be utilized for this purpose, recogniz-
8 ing that those clearances are required, and also that
9 adequate protection is provided, adequate insurance is pro-
10 vided to protect the Port and its interests, and that this
11 is not precedent-setting.

12 COMMISSIONER BRIDGES: I will second that motion,
13 but I want to say a word. First, let me ask a couple of
14 questions.

15 Listening to what you have said, it seems to me
16 this kind of an occasion could be held, for example, in the
17 Civic Auditorium, or something like that. What was the
18 idea of coming down to the waterfront in the first place?

19 MR. MALETTA: Well, the size of the place was
20 the most inviting thing.

21 COMMISSIONER BRIDGES: What is that?

22 MR. MALETTA: The building itself, the structure,
23 just the magic of the building alone is a great place to
24 have a function.

25 COMMISSIONER BRIDGES: You mean one of our old
26 broken-down piers down here that we hear so much about?

27 MR. MALETTA: That is one person's opinion. I
28 happen to think there is something beautiful about the pier

1 itself, and just the space, and being down by the water here.

2 The Civic Auditorium, except for the safety
3 facilities, which are obvious about the place, we are talk-
4 ing about conceptual art, and some different kind of approach
5 to the average way people do things, and we just felt that a
6 pier would be more artistic. I see the beauty in these piers.

7 COMMISSIONER BRIDGES: The second point is, the
8 prime purpose of the occasion, the party here, is to raise
9 money. Right?

10 MR. MALETTA: Yes.

11 COMMISSIONER BRIDGES: And the Commission here is
12 in the spot now. You have gone ahead in good faith and
13 invested quite a bit of money in thinking that there would be
14 no obstacles in the way.

15 MR. MALETTA: Yes.

16 COMMISSIONER BRIDGES: The final point is that
17 another location is satisfactory?

18 MR. MALETTA: Yes.

19 PRESIDENT RUDDEN: May I ask you to amend your
20 motion to whatever is done is done to the satisfaction of
21 the Director?

22 COMMISSIONER GOLDMAN: By all means. It has to
23 be legally and otherwise acceptable.

24 COMMISSIONER ROTHENBERG: Mr. President, aren't
25 we ignoring this key issue? We keep going around in circles.
26 We only talk about it tangentially, in terms of BCDC and
27 everyone else, that we are leasing these facilities for
28 maritime use, and we use them for nonmaritime use, which

1 doesn't offend me personally, but Dick would like us to not
2 consider it as a precedent, but every time we take an action
3 we create a precedent.

4 I would just like some comfort from Mr. Lynch,
5 because I get the sense he is very uncomfortable, that it
6 is within our purview, because of the Burton Act and BCDC
7 and all these other agencies we have to live with every day,
8 to allow these occasional subleases for purposes which weren't
9 intended when we went into the original deal.

10 I just want to make sure we are not setting a
11 precedent that, because we don't feel it is offensive, that
12 we are just going to keep getting more and more events, and
13 I would have brought up the same issue if you were talking
14 about a tennis tournament.

15 PRESIDENT RUDDEN: Well, it seems to me -- I will
16 direct this to Bill -- that it has been indicated that this
17 is maritime-oriented. If that could be established, we
18 wouldn't have a problem.

19 It seems to me that in the future, if we have
20 some matters come before us, maybe we should be setting up
21 some sort of guidelines as to what maritime-oriented is,
22 not just bringing in a small boat, or pictures of water, or
23 whatever.

24 This is close to the Foreign Trade Zone, and I
25 would like to be able to develop the maritime aspect of it
26 at this particular time.

27 MR. LYNCH: This is like having our own tennis game
28 here, but I --

1 MR. OSGOOD: Point of personal privilege. It was
2 not a tennis tournament, sir. It was for the Youth Tennis
3 Foundation, a nonprofit organization --

4 COMMISSIONER ROTHENBERG: I appreciate that. I
5 don't think the purpose is important. It is the use we have
6 got to debate, regardless of what our personal preference is.

7 MR. LYNCH: All I want to say is, I am not the
8 maritime expert on the Port Commission staff. I think Ed
9 David is the expert there, and if he concludes that this
10 is considered a maritime use, then I don't see any problem.

11 I personally from my limited maritime experience,
12 don't see a real maritime use here, but Ed David is the
13 expert on that, and I will certainly defer to him.

14 COMMISSIONER BRIDGES: I am voting for the use of
15 Pier 26 on this occasion, and my main purpose is, the group
16 has gone ahead in good faith, and spent a lot of money, and
17 they come before us, and I can't see any way out. They
18 are willing to move to another location.

19 But if the same proposition comes before the
20 Commission at some time in the future, I will oppose it.

21 I don't want to duck around and try to find an
22 alibi that this is in some way for maritime use, because
23 by any stretch of the imagination I just can't see it at
24 all. It is holding a party on the docks.

25 This Commission is under enough criticism now for
26 the so-called lousy job we are supposed to be doing in
27 operating the Port. When we try to alibi ourselves before
28 the people, we are doing a great job. We are holding a

1 a party which has some maritime content. They will really
2 think we have gone nuts.

3 I am voting for this. I think they are in a bind
4 here. They can have this facility for this time only. This
5 is not precedent-setting. I say right now, if something
6 like this comes up in the future, I won't be listening to
7 any argument, this is for maritime use in any way at all.
8 This is a party to raise dough on the docks. I can under-
9 stand that, whether I attend or not. That is the main
10 purpose, and we don't have to color it up and say we are
11 trying to do a favor for the Port, because you are not.

12 COMMISSIONER MORRISON: Mr. President, that is a
13 good argument, I think. I think Pier 26 as an alternative
14 is the way out, but it seems to me, Mr. President, the
15 maritime issue is the same, whether it is 19 or 26, and
16 that, we have said, is the crucial issue.

17 Let me ask Mr. David, how do you justify the
18 party on Pier 26? Why not have the party go ahead on Pier 19?

19 MR. DAVID: The issue is the same in terms of
20 maritime. There is no question about that.

21 But, specifically, Pier 19 and 23 has been desig-
22 nated as a Foreign Trade Zone, and I think, taking the lesser
23 of two evils, because I do appreciate what Mr. Bridges is
24 saying, I am sympathetic with the people who have gone for-
25 ward and spent a lot of money, ill-advised, I think, because
26 they have not checked with us first, but I think that, in
27 terms of the description of 19 and 23, for that matter the
28 advertisements that Mr. Osgood has given you, Pier 19-23 is

1 a foreign trade zone, and Pier 26 is a maritime pier, but
2 it is like any other finger maritime pier, something less
3 than the situation at 19-23.

4 COMMISSIONER BRIDGES: And there was a special
5 proclamation by the Mayor. We were all down there. There
6 is a big difference, for my money, between Pier 26 and 19.

7 COMMISSIONER GOLDMAN: Mr. Chairman, I would like
8 to comment just one more point.

9 Sometimes we get hung up on the word "maritime",
10 which is obviously subject to three or four interpretations.
11 I can only allude to this building. This is supposed to be
12 a world trade center, but you can look at a lot of tenants
13 around here and wonder where they are connected with world
14 trade.

15 I think we have to be flexible. I think we have
16 to be realistic. Beyond that, I just hope that this event,
17 if it comes off, is handled with a degree of dignity that
18 will be a stimulus to the development of our Port area.
19 At least there is action, and for one night I can't get too
20 excited about whether it is maritime or nonmaritime.

21 I would like to call for the question.

22 PRESIDENT RUDDEN: Is there any legal estoppel
23 on this, under those circumstances?

24 MR. LYNCH: There certainly is a question of
25 equitable estoppel if events of this nature have occurred
26 on the Port property in the past, leading our tenant and this
27 other party to believe that there was no problem. I think
28 that certainly is a legal issue.

1 COMMISSIONER ROTHENBERG: Against the tenant, or
2 in the tenant's interest?

3 MR. LYNCH: Oh, in the tenant's favor.

4 COMMISSIONER ROTHENBERG: I would look at it just
5 the opposite way. We should be considering whether we should
6 take action against the tenants for having events in the
7 past that require approval where they did not get approval.

8 MR. LYNCH: Well, it is not an equitable estoppel
9 necessarily on the Commission. It is equitable estoppel
10 due to actions that, whether the staff knew about it, whether
11 the Commission knew about it. These are all facts to be
12 considered in determining whether an equitable estoppel is
13 present.

14 All I am saying is, there is an argument of
15 equitable estoppel that they can make.

16 COMMISSIONER MORRISON: Mr. President, since we
17 are apparently going to move ahead and approve this project,
18 I would much prefer to go the whole hog and allow the use of
19 Pier 19.

20 It seems to me straining a good deal to say that
21 it is not good on 19, but it is okay on 26. But I will
22 certainly bow to the will of the majority here. If that is
23 the will, I am ready to go ahead.

24 (Several voices at once.)

25 COMMISSIONER ROTHENBERG: I would just like to
26 respond to that, Jack. It would cause me great concern,
27 the thought of using the Foreign Trade Zone, not only because
28 of the way external parties, not only ourselves but people

1 who do business with the Port, these external agencies like
2 Customs Service and others, when we hung these words
3 "Foreign Trade Zone" on that building, it was a bonded ware-
4 house, and it took on a significance. It is like the
5 country of Esthonia. All of a sudden our rights are abridged
6 there because it is a foreign body and falls under these
7 special laws.

8 I think we are making a mockery of it, just be-
9 cause it doesn't happen to be full right now, to allow it
10 to other purposes.

11 To the extent the Commission feels strong enough
12 to push it, I feel I have to vote against it. If we go to
13 26, I will abstain, because I am worried about the precedent,
14 but I don't want to do anything to the detriment of this
15 group, because I think they have gone in good faith.

16 If you are willing to go to 26, I will just
17 neutralize my vote and step to the side.

18 COMMISSIONER MORRISON: You may no longer do that,
19 under the Charter.

20 COMMISSIONER ROTHENBERG: Oh, I can abstain.

21 COMMISSIONER GOLDMAN: The motion is for the use
22 of Pier 26.

23 COMMISSIONER BRIDGES: May I give the power group
24 one suggestion? Next time, hire the MARIPOSA. (Laughter.)
25 That looks more like maritime.

26 MR. OSGOOD: May I make one statement, though, sir?
27 This benefits the Port. In other words, these are public
28 piers.

1 COMMISSIONER BRIDGES: How do you figure that, Ed?

2 MR. OSGOOD: Because they are spending \$8,000
3 improvements on the property. They are putting up the fire
4 wall, and putting up the sprinkler system.

5 COMMISSIONER BRIDGES: That is one way of looking
6 at it.

7 MR. OSGOOD: It is a great benefit, and where the
8 Port can pick up great benefits I think they would want to
9 consider it.

10 COMMISSIONER BRIDGES: If somebody asked me -- I
11 get around town -- what are you doing about the Port these
12 days? Oh, we are having a big party down on Pier 19. They
13 would tell me to jump overboard.

14 COMMISSIONER GOLDMAN: That is why I think we
15 ought to get on with our other business, because I believe
16 there are a lot of other more serious items.

17 PRESIDENT RUDDEN: I want to ask one question.
18 Ed, do you see any reason why the Commission cannot take
19 affirmative action?

20 MR. LYNCH: My advice still is that, if this is
21 a nonmaritime use, under the Charter and the Transfer Agree-
22 ment you have to declare the property surplus to maritime
23 use, and then determine that this is an operation that will
24 yield maximum profit.

25 I can't change the Transfer Agreement. I can't
26 change the Charter.

27 MR. HONOWITZ: For one night, as I understood what
28 you said earlier, Bill, it really couldn't quite come under

1 that heading, seeing as how, since it is vacant, it also
2 comes under that definition.

3 COMMISSIONER ROTHENBERG: Because it is leased for
4 maritime purposes.

5 MR. LYNCH: I said because the Charter contains
6 the language, lease, license, franchise or privilege. I
7 think that is an all-encompassing term, meaning whether you
8 are going to use it for four hours or 24 hours or five
9 minutes. That is very restrictive, I admit, but that is the
10 way the Charter is written.

11 COMMISSIONER MORRISON: I think we may do it on
12 the understanding that the foundation will bring in a
13 maritime plan to the Port Director, and the Port Director
14 will do his best to see that there is a maritime orientation
15 to the event.

16 COMMISSIONER GOLDMAN: As a matter of fact, all
17 the foundation has to do is get us one permanent tenant
18 for merchandise from the Far East, and they have got it made.

19 COMMISSIONER MORRISON: I would second the motion.
20 No, Mr. Bridges seconded it.

21 COMMISSIONER ROTHENBERG: On Pier 26?

22 COMMISSIONER GOLDMAN: Pier 26.

23 (The motion was carried by a vote of 4 to 1:
24 Commissioners Bridges, Goldman, Morrison and Rudden - aye;
25 Commissioner Rothenberg abstained. Subsequently his vote
26 was changed to no. See exchange following Item 5 of the
27 agenda, Page 53.)

28 MR. DAVID: Mr. Thiemann?

1 MR. THIEMANN: I would like to request approval
2 of License No. 9847 with California Stevedore and Ballast
3 at Pier 35.

4 PRESIDENT RUDDEN: Before we conclude that, however,
5 all the details of this will be worked out with the Port
6 Director.

7 MR. HONOWITZ: Yes. We will be talking with him,
8 hopefully this afternoon. Thank you very much.

9 MR. THIEMANN: This license was inadvertently held
10 over from the last meeting. I would like to recommend
11 approval, with the understanding that there will be some
12 changes made in the near future, and a new license will be
13 issued.

14 COMMISSIONER ROTHENBERG: On the calendar, California
15 Stevedore and Ballast, the old PFEL lease, what were the
16 rights of the Port under the terms of that lease?

17 MR. THIEMANN: Thirty days' notice to the tenant.
18 However, I believe that there is a legal matter involved now.
19 PFEL agreed to the transfer.

20 COMMISSIONER ROTHENBERG: The only reason I bring
21 up this question, we have rambled on and on over the past
22 few months about hoping to develop a new passenger line
23 terminal on that pier, and some other ancillary facilities.

24 My question is, when we simply allow California
25 Stevedore to take over PFEL's lease, are we building in some
26 preclusions that maybe we would be better off just rewriting
27 the lease?

28 MR. THIEMANN: Not at all. This is just a 30-day

1 license.

2 COMMISSIONER ROTHENBERG: The only problem with
3 PFEL is the fact that were in bankruptcy, and therefore we
4 couldn't act?

5 MR. THIEMANN: That's right.

6 COMMISSIONER GOLDMAN: I have some questions.

7 Actually, it would seem to me that we are in a
8 legal position where we can establish a new lease.

9 MR. THIEMANN: It is a license. It is not a lease.

10 COMMISSIONER GOLDMAN: A license. All right.

11 PFEL gave up their license to operate that pier?

12 MR. THIEMANN: And that was cancelled.

13 COMMISSIONER GOLDMAN: And then we in turn have
14 selected a new licensee?

15 MR. THIEMANN: Yes, sir.

16 COMMISSIONER GOLDMAN: Which is California Steve-
17 dore. Is that correct?

18 MR. DAVID: Not exactly. It is correct, but you
19 should understand the situation. Mr. Cullen, the President
20 of CS&B, is in the audience.

21 CS&B, is it not correct, Mr. Cullen, has actually
22 operated the pier for a number of years.

23 COMMISSIONER GOLDMAN: That is technical, yes, but
24 I am talking about the legal side.

25 MR. THIEMANN: Well, we do this on a regular basis,
26 Commissioner. When a tenant leaves a pier and there is
27 another one available to take its place, we go through the
28 same exercise that we are now doing.

1 COMMISSIONER GOLDMAN: I have no problem with the
2 fact that they are the logical licensee, rather than going
3 out to bid and having a number of people present themselves.

4 My question is, in the agenda item as presented
5 it says it is a duplicate of the PFEL license. Now, I have
6 a little trouble with that, because I say to myself, is
7 that the basis on which a new license is undertaken?

8 MR. THIEMANN: Yes. For piers, that is correct,
9 sir.

10 COMMISSIONER GOLDMAN: Don't we ever upgrade our
11 financial position with the licensee?

12 MR. THIEMANN: We haven't for some time, with
13 piers of this nature. We have entered into different types
14 of arrangements for the use of piers, such as at Pier 80,
15 and Pier 96.

16 COMMISSIONER GOLDMAN: Now, wait a minute. When
17 did we enter into the lease with PFEL, or the license, to
18 operate Pier 35?

19 MR. THIEMANN: Originally, it was at least five
20 or six years.

21 MR. DAVID: Five years ago, I suspect.

22 MR. THIEMANN: It was when they bought the Matson
23 white ships, which was, I guess, about five or six years ago.

24 COMMISSIONER GOLDMAN: What happened then? Did
25 they just take over a lease on the same terms as Matson had
26 it?

27 MR. DAVID: Yes, exactly the same.

28 COMMISSIONER GOLDMAN: So you are saying, whatever

1 that license arrangement is, this dates back on the same
2 exact terms for many years?

3 MR. THIEMANN: That is correct.

4 COMMISSIONER GOLDMAN: Is that standard in port
5 practice?

6 MR. THIEMANN: Other ports don't charge rent for
7 space such as this.

8 COMMISSIONER GOLDMAN: None of them do?

9 MR. DAVID: No.

10 MR. THIEMANN: There are other kinds of arrangements.

11 COMMISSIONER GOLDMAN: Do they have escalating
12 terms in there for the benefit of the port?

13 MR. THIEMANN: I don't believe so.

14 MR. DAVID: No. I can add to this, there is no
15 California port that charges rent for use of dock space.
16 The revenue is from wharfage and dockage and, in the case
17 of passengers, the Port of Los Angeles has a head tax.

18 COMMISSIONER GOLDMAN: I was coming to that, too.

19 MR. DAVID: They do not charge rent.

20 COMMISSIONER GOLDMAN: The point is, are we doing
21 it the right way? That is my question. Are we getting a
22 fair and equitable value for the facility we are making
23 available to our tenant, or licensee? Have we analyzed it
24 properly? And I was coming to that head tax question, too,
25 why in the world others are charging head tax and we are not.

26 This issue was raised many months ago now. In
27 fact, I think it goes back at least six months, and I
28 thought we were going to investigate it then, to determine

1 why we shouldn't be collecting a head tax.

2 Maybe the combination of a head tax with the basic
3 rental would satisfy a concern that many of us have here to
4 upgrade the utilization of some of our facilities. Maybe
5 Mr. Cullen would like to speak to that. I am not sure.
6 But I think it is important to us to get the same benefits
7 from our facilities, at least as good as the next guy.

8 MR. DAVID: Mr. Cullen?

9 MR. GENE CULLEN: I have no comment on that.

10 The only thing that I can say, we have been the
11 contracting terminal stevedoring operators ever since PFE
12 took over from Matson. We took that over by virtue of the
13 fact that we were doing Pacific Far East Line's other work.
14 We are acting as a terminal and stevedoring contractor for
15 these various lines, and we have been paying the rent right
16 along on that facility.

17 COMMISSIONER GOLDMAN: The head tax is our problem,
18 not yours?

19 MR. CULLEN: The head tax is not ours. We wouldn't
20 levy it. It would be levied by the steamer line and revert
21 to the Port.

22 COMMISSIONER GOLDMAN: So in other words, we
23 negotiate with the steamer lines for the head tax, and --

24 MR. CULLEN: They sell the ticket, and they collect
25 the head tax.

26 COMMISSIONER GOLDMAN: One other question. I
27 don't know how the surplus space issue enters into the
28 license that we are entering with California Stevedore, but

1 there was some question, as you recall, when we made the
2 temporary use of part of it by North Point Pier, as to just
3 how much of that could be declared surplus for other devel-
4 opment.

5 MR. THIEMANN: I can answer that question,
6 Mr. Chairman.

7 As of today, Royal Viking Lines has requested --
8 this is still Pier 35 -- has requested all of the space
9 that I think California Stevedore says at this time they
10 don't need. Is that correct?

11 In other words, there is an area at the front of
12 the pier with about, as I recall, 10 or 11 thousand square
13 feet of space, and an area at the back end of the pier with
14 a couple of thousand square feet, so it is somewhere around
15 14,000 square feet which California Stevedore says today
16 they don't need, which Royal Viking wants.

17 COMMISSIONER GOLDMAN: Again, coming back to the
18 negotiation of the lease with Cal Stevedore, wouldn't there
19 be some gray area in this discussion where they would like
20 to hold on to certain space, but maybe, from the Port's
21 point of view, we would find that it could be better utilized
22 in some other form of development for the benefit of the
23 Port?

24 COMMISSIONER ROTHENBERG: Mr. Thiemann, don't we
25 have the right to revise --

26 MR. THIEMANN: On 30 days' notice.

27 COMMISSIONER ROTHENBERG: Rather than belaboring the
28 issue, Commissioner Goldman, what do you think of the idea,

1 since we all want to look into how we should refurbish
2 Pier 35, why don't we just have Mr. David explore the head
3 tax question for the time being, because I am sure we will
4 be debating the bigger issue later on this year. I don't
5 think it is fair .

6 COMMISSIONER GOLDMAN: All right. Then by the
7 next meeting we should hear from staff how we go about the
8 head tax, and how soon we can invoke it. I would like to
9 see it effective July 1.

10 MR. DAVID: I can answer that today, if you want
11 to take the time on it.

12 COMMISSIONER GOLDMAN: If it is worth money to us,
13 I think we ought to hear about it.

14 MR. DAVID: All right. The issue of head tax, the
15 Port of Los Angeles, the other passenger port in California,
16 charges \$5 per head, per passenger, on each and every ship
17 that comes through the port.

18 This issue has come before the Port Commission on
19 two or three occasions in the years past. The Port Commission
20 turned down the head tax on the basis that they felt that
21 the pressures that would be brought to bear in terms of
22 upgrading the facility, because of the head tax, was greater
23 than the revenue that would be generated.

24 If we were to charge a \$5 head tax, today I can
25 only give you a broad range, the income level would be some-
26 where in the neighborhood between 60 and 100 thousand
27 dollars.

28 COMMISSIONER GOLDMAN: A year?

1 MR. DAVID: A year.

2 COMMISSIONER GOLDMAN: At \$5 per passenger?

3 MR. DAVID: Yes.

4 COMMISSIONER ROTHENBERG: That assumes you only get
5 20,000 passengers through here a year?

6 MR. DAVID: Yes.

7 COMMISSIONER GOLDMAN: Twelve thousand.

8 MR. DAVID: The tax is charged on people embarking
9 and disembarking, not those that are aboard.

10 COMMISSIONER BRIDGES: Wait a while. That is a new
11 one. Only the ones that come ashore?

12 MR. DAVID: Well, you can do it either way. Most
13 of the head taxes that I am familiar with are because of
14 embarking or disembarking, not in transit.

15 COMMISSIONER GOLDMAN: But you could have the
16 choice?

17 MR. DAVID: You could have your choice.

18 COMMISSIONER BRIDGES: But the people who stay
19 aboard, don't come ashore, no charge for them. Right?

20 MR. DAVID: It can be done either way, Mr. Bridges.

21 COMMISSIONER GOLDMAN: Excuse me. I thought it
22 was simpler. Again, I want to live with Mr. Rothenberg. Why
23 don't you present to us, between now and the next meeting,
24 the variables that are utilized by other ports, so that we
25 can make a determination. It seems to me that we are missing
26 something here.

27 I am not too troubled, as long as it is just a
28 matter of what the tax is, that we invoke it.

1 COMMISSIONER ROTHENBERG: I think we have to go
2 into it further, and give us your estimation of what it
3 would do to the enhancement or disenchantment of San Fran-
4 cisco as a passenger debarkation point.

5 MR. DAVID: All right.

6 COMMISSIONER GOLDMAN: But I would like to remind
7 everybody here that we do have a hotel tax, and we are
8 prepared to escalate that just to build a convention center,
9 so it seems to me that --

10 COMMISSIONER BRIDGES: That is after they are in
11 the City, and that would charge them to come into the City.
12 There is a big difference.

13 COMMISSIONER GOLDMAN: Okay. It doesn't trouble me
14 too much.

15 MR. DAVID: If I may, I would like to make it
16 clear that I am only providing you at the next meeting with
17 a report, not a recommendation at that meeting, because
18 if I were to do that, you will have every passenger line that
19 is using San Francisco here at the meeting, and I don't think
20 it is your intent to pass a head tax.

21 COMMISSIONER GOLDMAN: We just want to consider it.

22 MR. DAVID: Just a report on the issue.

23 COMMISSIONER ROTHENBERG: Mr. President, I will
24 call for the motion to approve the transfer of the lease.

25 (The motion was carried unanimously: Commissioners
26 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

27 MR. TAORMINA: Mr. Chairman, to go back to Item
28 No. 5, the consent calendar, there are two items on the

1 consent calendar for your consideration. One is a request
2 for approval of refunds and allowances in the amount of
3 \$1,414.40. The back-up material is provided.

4 The second is a request for the acceptance of
5 work under Contract 2481 at Pier 48, the door height modifica-
6 tions, and authorization to make the final payment.

7 COMMISSIONER MORRISON: So move.

8 COMMISSIONER GOLDMAN: Second it.

9 (The motion was carried unanimously: Commissioners
10 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

11 COMMISSIONER ROTHENBERG: Mr. President, Mr. David
12 has just told me that I cannot abstain on that prior motion,
13 that I must vote for or against it, according to Chapter V
14 of the City Code, so --

15 MR. LYNCH: I don't want to place the blame on
16 Mr. David. It is from me.

17 COMMISSIONER ROTHENBERG: I knew it, and I
18 appreciate it. My vote will have to be recorded as a
19 negative vote, then. No insult intended to the parties.

20 MR. TAORMINA: Mr. Chairman, Item No. 7 on your
21 calendar is a request for approval of Administrative Reso-
22 lution A108-66 with Brinks, Inc., for the collection and
23 deposit of parking meter revenues in an amount not to exceed
24 \$3,000. This has been continued from our April 26 meeting.

25 COMMISSIONER GOLDMAN: Mr. Chairman, I think that
26 the only item on that list that relates to Brinks is just
27 the collection, which is Item 4. Maybe there is other work
28 involved, too, but it leads me to wonder whether we are wise

1 in having a separate contract with Brinks, where our parking
2 meters represent about five percent of the total parking
3 meters of the City, and why we might not be better advised
4 to establish the handling of these parking meters by the
5 general parking meter service of the City, and have them
6 simply remit those monies to the Port, or credit the Port
7 account for the monies that have been collected from the Port
8 meters, since we are going to be looking at a change anyway.

9 We will still end up with Brinks, but it seems to
10 me we can negotiate from a stronger position by being part
11 of the overall program rather than doing it independently.

12 COMMISSIONER BRIDGES: Can that be done?

13 COMMISSIONER GOLDMAN: I don't see why it can't be
14 done, but --

15 COMMISSIONER ROTHENBERG: We will need separate
16 meter people, though, to collect our meters, because all the
17 money goes in a canister.

18 COMMISSIONER GOLDMAN: Well, may I suggest, this
19 is only a short-term contract, anyhow. What is it, three
20 months?

21 MR. HERREN: I believe the end of June.

22 COMMISSIONER GOLDMAN: Okay. I am prepared to
23 accept this for now, but I think we should investigate, for
24 the future, how to tie it all together. It seems to make
25 better economic sense if it can be done.

26 COMMISSIONER ROTHENBERG: I have to ask Mr. David,
27 did you ask B of A on what I suggested?

28 MR. DAVID: Yes. Mr. Herren, you have contacted

1 the B of A?

2 MR. HERREN: Yes. They are agreeable. It is the
3 same service they are giving the City.

4 COMMISSIONER ROTHENBERG: The B of A offered to do
5 the coin sorting and the same thing, and there is a minor
6 fee involved, but it is their actual cost, which is nothing
7 compared to what it would cost under the Brinks contract.

8 MR. DAVID: I believe it was \$6.20 a canister.
9 Right?

10 COMMISSIONER ROTHENBERG: Brinks wants two cents a
11 meter to sort, and B of A wants \$6.50 a canister. A canister
12 is, I don't know --

13 MR. DAVID: We use one a day. Isn't that right?

14 MR. HERREN: One canister used a day, pickup.

15 COMMISSIONER ROTHENBERG: What the B of A said,
16 essentially, was , they charge us six-something a canister,
17 because a third of a canister is garbage, pop tops and all
18 kinds of crap, and if we would just have someone sort the
19 coins, they charge us 55 cents a bag of coins, because they
20 keep breaking their machinery on this garbage.

21 COMMISSIONER GOLDMAN: The reason I am raising the
22 point is not so much to do with the collection itself. I
23 am looking beyond to the maintenance problem. We have one
24 man, who evidently is doing a superb job, but he is 63 years
25 of age, and will be retiring soon, and I have concern as to
26 how do we handle this situation in the future?

27 If the City is structured to it, and hopefully
28 they are going to be looking at this part of this service a

1 little more diligently than than in the past, we might be
2 better off having them maintain them. I don't know.

3 COMMISSIONER ROTHENBERG: My question to Mr. Herren
4 is, what are the economics? Is it cheaper for us to pay
5 Brinks two cents, or is it cheaper to pay the B of A?

6 MR. HERREN: It is cheaper to pay the two cents.
7 But that would not be the same service that the Bank of
8 America is giving the City.

9 COMMISSIONER ROTHENBERG: Well, they told us that
10 was the same thing they were charging the City.

11 MR. HERREN: They are taking it by canisters,
12 rather than by meters. The charge is \$6.20 a canister. We
13 will take one canister at a pickup.

14 COMMISSIONER ROTHENBERG: How many meters does a
15 canister empty?

16 MR. HERREN: It will hold any one day's pickup.

17 COMMISSIONER ROTHENBERG: I think what we have to
18 do is, if you tell me it is 300 meters --

19 MR. HERREN: It is going to cost a little bit more
20 under the City plan than it would if we --

21 COMMISSIONER ROTHENBERG: Then we should go with
22 Brinks. There is no reason to take advantage of B of A if
23 it is not the most cost-efficient thing.

24 As I understand, B of A doesn't have a World Trade
25 Center Branch any more?

26 MR. HERREN: No. They moved.

27 COMMISSIONER GOLDMAN: We are talking about what,
28 maybe 50 cents a day?

1 MR. HERREN: It is a little bit more than that.
2 I think it is about twice as much.

3 COMMISSIONER ROTHENBERG: I don't care. If it is
4 cheaper to go with Brinks, let's just do it all at once.
5 I will move the motion.

6 (The motion was seconded, and carried unanimously:
7 Commissioners Bridges, Goldman, Morrison, Rothenberg and
8 Rudden - aye.)

9 MR. TAORMINA: Mr. Chairman, Item No. 8 is request
10 of approval for various maintenance projects exceeding
11 \$10,000 in cost. This has also been continued from your
12 April 26 meeting.

13 COMMISSIONER ROTHENBERG: Mr. President, I would
14 like to talk to this just briefly, because I forced its
15 postponement.

16 I have talked with Mr. Vickers about this, and
17 what troubles me is not these individual items, but I would
18 just like to see us considering contracting out more of
19 our work, because I think we have ended up having a larger
20 Maintenance Department than perhaps in the future we will
21 need, because we have taken a sense of pride and perhaps
22 economy in wanting to do our own work, to make sure it is
23 done properly.

24 I would just like, since some of these items are
25 quite substantial, that in the future we as a Commission
26 set a minimum over which we will at least put out for bid
27 these various items, and our staff would tell us what they
28 would cost if we do it in-house. To the extent we get bids

1 below our in-house costs, we should give the work to other
2 firms. I don't see the merits of its costing us twice as
3 much.

4 COMMISSIONER MORRISON: That doesn't cut our cost
5 any.

6 COMMISSIONER ROTHENBERG: What I am saying is, what
7 I would like to do, right now we are not reducing our staffs
8 at all, because we are finding ways to keep them busy.

9 What I am saying is, I would rather, since we have
10 an enormous amount of attrition going on now on our staff,
11 I would rather take advantage of getting our staff lowered,
12 but we can't do that to the extent we don't want to contract
13 out.

14 I think we have had Mr. Simmons tell us it would
15 cost three times as much for the Port to do the work as to
16 contract it out, and we have had other people. I don't know
17 the reality. I am just saying, I would like our staff to
18 help us on this. We are not talking about cashiering all of
19 our maintenance people, but a lot of them are retiring, and
20 I would just like to minimize replacing them to the extent
21 we can..

22 COMMISSIONER GOLDMAN: I would like to comment.

23 COMMISSIONER ROTHENBERG: Let me just finish one
24 more thing.

25 Chuck has said he believes it takes two to three
26 months to bid, and I have talked to a number of firms around
27 town, some big ones and some small ones, and they don't see
28 why it would take more than a month from offering a package

1 until we could resolve these matters and, since time is
2 money, I think we just need to pursue more vigorously.
3 It is also a way to get some of these smaller minority-firms
4 based firms working, because these kinds of manual labor
5 jobs are things they can do much more easily.

6 Chuck's response has been, in some areas, such
7 as maintaining the piers, they are such specialized kinds
8 of work that nobody is equipped to do it, and there are real
9 economies to us using people we have, with real skills, and
10 I will defer to that.

11 But I want to get us more in the posture, where
12 the contract is \$5,000, or \$10,000, some minimum point, we
13 seriously consider contracting out the work, because we may
14 find it is much, much more efficient to do it using external
15 forces than using our own staff.

16 COMMISSIONER GOLDMAN: In reading this, I have this
17 difficulty. I can understand how you can compare the
18 hourly pay of maintenance staff. How many maintenance
19 people are there on the staff of the Port?

20 MR. GEORGE GRUBB: Approximately 128, something
21 like that.

22 COMMISSIONER GOLDMAN: Okay. Here is my point.

23 You take 128 people, times their salaries, benefits
24 and all, and then apply that to the work, it will be a lot
25 different than taking them individually and applying their
26 rate of pay to a project which you are bidding in a general
27 way somewhere else.

28 For me, you take 128 people, it is a significant

1 staff problem. Ultimately I think the trend will be, not
2 only here but elsewhere, to get away from in-house service
3 of this kind and use a private service.

4 I am supporting the question raised by Mr. Rothen-
5 berg in this instance. We should start gearing ourselves
6 to utilizing the bid process for much of this work, and
7 staff ourselves accordingly. In the long run, I think it
8 will end up that way.

9 COMMISSIONER MORRISON: Mr. President, may I ask
10 Mr. Grubb, you have had a good deal of experience with these
11 issues. What is your reaction to what we are saying?

12 MR. GRUBB: I think there is some merit in comparing
13 the efficiency, but for a small project, just to draw up the
14 plans and specifications, and then having to inspect it
15 frequently, raises a question, and what it gets down to is,
16 how efficient is your shop? That is what makes the differ-
17 ence.

18 You can test it occasionally by comparing the bid
19 prices. You have to take into account that there are more
20 administrative costs put into a contract.

21 The other thing about attrition, there has been
22 a substantial reduction in the maintenance staff, 28 to 30
23 percent, which I think is probably too far. In other words,
24 you are spending too little money on maintenance, besides
25 which you don't have the income to do a good job.

26 COMMISSIONER GOLDMAN: Well, may I ask, Mr. Grubb,
27 what level of contract would you say it is appropriate at
28 this time to go out to bid?

1 MR. GRUBB: I think that the Engineering
2 Department would have to give you some idea of the admin-
3 istrative costs of plans and specifications.

4 MR. VICKERS: We have always had the policy that
5 any time we did new work, like build a LASH terminal, or
6 Pier 94, or remodel Pier 80, or build Pier 27 or anything
7 like that, we always went out for a contract. We only try
8 to maintain the facilities with our own crews.

9 If we were going to put in a new fender system we
10 would go out for bids. If we are going to remodel or rehab
11 an existing system, we find we are far more efficient doing
12 that ourselves.

13 I recall a case when we put the sprinkler system
14 in at Pier 35. We had a firewall that we were going to
15 put -- which, by the way, saved Pier 35 from the 37 fire --
16 that was estimated at around \$30,000, and we didn't get
17 any bids. We had to do it with our own Maintenance Depart-
18 ment, and we had gone to all the trouble of preparing the
19 plans and specs, and didn't get any bids.

20 The other day at Pier 48, on the little job you
21 just accepted up here as complete, we had to call around to
22 even get one person to bid it, and we had one bid. Some of
23 these jobs people just don't want to bother with.

24 COMMISSIONER ROTHENBERG: So we will always have
25 to have --

26 MR. VICKERS: We should, and I would guess now,
27 in this one particular area that I have asked your approval
28 for on fender system work, this is something that we are

1 uniquely geared for, that we can go in any time on this.

2 COMMISSIONER ROTHENBERG: Let's not debate this,
3 Chuck. I think what Mr. Goldman is saying is, do you think
4 we should have just a rule of thumb, that when a contract is
5 over \$10,000 we put it out to bid and see how it compares
6 with our own in-house expenses?

7 MR. VICKERS: No, I don't, because it depends on
8 the type of work. There are some things, electrically for
9 example our electricians are extra busy now working keeping
10 the cranes going, because we are getting more use out of
11 our cranes, fortunately.

12 I would say on something like running electrical
13 conduit we might even go less than \$10,000. Again, I think
14 on a fender system job like this, I would go up to 70 or 80
15 thousand before I would even think of going out for bids.

16 I think it just depends. We could do it on a
17 case-by-case basis. I will be glad to.

18 COMMISSIONER ROTHENBERG: Maybe we could have the
19 Director come back to us and give us some insight. I want
20 to put in some artificial level over which we are going to
21 consider putting things out to bid, and we always reserve
22 the right to reject the bids. I just think it is a good
23 check and balance, if we know what it costs us in-house,
24 compared to external source.

25 MR. DAVID: We certainly can come back to you at
26 the next meeting.

27 The only thing that disturbs me is, if the
28 contractors, if you will, get the word we are checking

1 their bid against our cost, I have a feeling that the cost
2 of bids will go up.

3 COMMISSIONER ROTHENBERG: I think it is just the
4 opposite.

5 MR. GRUBB: I think in the case of the Water
6 Department, they keep the contract costs down.

7 COMMISSIONER ROTHENBERG: They are less likely to
8 get it the higher they boost the estimates.

9 MR. DAVID: We will come back with a report at
10 the next meeting.

11 COMMISSIONER GOLDMAN: I think we should move
12 approval of this.

13 COMMISSIONER ROTHENBERG: No, I am going to move
14 approval. I just understood there is a major battle going
15 in California called the "forced contract", where a lot
16 of the public employees are under great pressure by organized
17 building trades and contractors to offer to the private
18 sector for contracts. There have been a number of lawsuits
19 about it, and this and that.

20 I don't want it to come down to that being our
21 motivation. I want to go forward with something that we
22 think is rational, that we can justify, and to the extent
23 we want to keep certain very experienced people in certain
24 areas always busy, I am not debating that at all.

25 MR. VICKERS: May I ask for a little longer time
26 than the next meeting? We are very seriously overworked
27 getting the promenade work going now, and I just don't know
28 if I will have time to get to this. If I could just have

1 a couple, I would appreciate that.

2 PRESIDENT RUDDEN: Something like this \$46,500
3 item, though --

4 MR. VICKERS: Which one is that?

5 PRESIDENT RUDDEN: No. 1. When this has been
6 completed do you check back over the costs, and make a de-
7 termination of whether or not you were right in the first
8 place?

9 MR. VICKERS: Sure.

10 COMMISSIONER ROTHENBERG: I think what he is
11 asking, Chuck, do you normally come in afterwards and say,
12 here is what we budgeted and here is what it cost?

13 MR. VICKERS: No, I don't, because the reason that
14 you set up this over-\$10,000 approval was because you wanted
15 to be sure that what we were spending the money on was going
16 to remain a usable pier, so that we didn't go out and re-
17 construct the fender system and find out a week later you
18 were going to abandon the pier.

19 COMMISSIONER ROTHENBERG: What Jim is asking is,
20 how do we know when this is done that it only cost us
21 \$46,500, as opposed to \$89,500?

22 MR. VICKERS: Well, Mr. Herren keeps the books.
23 We have work order numbers we write against it, but we have
24 never gone --

25 COMMISSIONER ROTHENBERG: Does that include the
26 people?

27 MR. VICKERS: Yes. They charge their time to that
28 job.

1 PRESIDENT RUDDEN: I was just thinking, Chuck,
2 suppose we put this out to bid right now. Would the bids
3 come in in the area of \$46,500?

4 MR. VICKERS: Our estimate was that it would be
5 over twice that.

6 COMMISSIONER ROTHENBERG: I will move approval of
7 this, Mr. Chairman.

8 COMMISSIONER MORRISON: Second.

9 (The motion carried unanimously: Commissioners
10 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

11 MR. TAORMINA: Mr. Chairman, members of the
12 Commission, the last item, No. 9, request approval of
13 Licenses and Leases No. L9850 through T9854.

14 MR. THIEMANN: I sent you an explanation. If you
15 have any questions I will try to answer them.

16 COMMISSIONER MORRISON: Move approval.

17 COMMISSIONER ROTHENBERG: Second.

18 (The motion was carried unanimously: Commissioners
19 Bridges, Goldman, Morrison, Rothenberg and Rudden - aye.)

20 MR. DAVID: We would like to go into executive
21 session on litigation.

22 (Whereupon the Commission went into executive
23 session, not reported.)

SF
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#3
5-24-78
SAN FRANCISCO PORT COMMISSION

JUN 7 1978

Next Meeting
June 14, 1978
10 a.m.

Meeting of:
May 24, 1978

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The San Francisco Port Commission met this date in regular session at 10:30 a.m.

Present: Commissioners Rudden, Morrison, and Rothenberg

Absent: Commissioners Bridges and Goldman

Also Present: Edward David, Anthony Taormina, William Lynch, Julius Herren, Chuck Vickers, and Harry Thiemann

The formal meeting of the San Francisco Port Commission opened up with Item No. 5. Chuck McCulloch, architect, EDAW, Inc., gave an update report on the work already performed by EDAW, Inc. Mr. Chuck Vickers recommended approval of this work. He explained that general approval had already been received from BCDC Design Review Board, ROMA (consultants), Northeastern Waterfront Advisory Committee, and the Art Commission.

Discussion followed.

Commissioner Morrison moved for approval of the work already performed. Commissioner Rothenberg seconded the motion and passed, all Commissioners voting "aye".

Item No. 6 Standard Agreement No. 1094, Engineering Services with Rogers Engineering for Port shops relocation. During Phase II of the work by Rogers Engineering, facilities at Seawall Lot 340 were found to be inadequate. Mr. Vickers requested approval of shop relocation to Pier 46B in lieu of SWL 340 at no extra cost.

Discussion followed.

Commissioner Morrison motioned to approve. Commissioner Rothenberg seconded and passed, all Commissioners voting "aye".

Item No. 7, Contract No. 2487 for Drydocking and Overhauling the San Francisco Port Commission's Floating equipment. The cost was estimated at \$77,000. Mr. Vickers requested authorization to award contracts to low bidders.

Discussion followed.

San Francisco Port Commission Meeting
May 24, 1978
Page 2

Commissioner Rothenberg moved for approval. Commissioner Morrison seconded and passed, all Commissioners voting "aye".

Item No. 2, approval of minutes of San Francisco Port Commission meeting of May 10, 1978. The minutes were approved; all Commissioners voting "aye".

The meeting ended at 11:15. All the Commissioners went into Executive Session.

/ma

SAN FRANCISCO PORT COMMISSION

Meeting of:
June 14, 1978
10 a.m.

Next Meeting:
June 28, 1978
10 a.m.

Minutes

The San Francisco Port Commission met this date in regular session at 10:07 a.m.

PRESENT: Commissioners Rudden, Morrison, Goldman and Rothenberg

ABSENT: Commissioner Bridges

ALSO PRESENT: Edward L. David, Anthony J. Taormina, Chuck Vickers, Harry Thiemann, William Lynch, and James Huntsman

The formal meeting of the San Francisco Port Commission opened up with Item No. 2. Mr. Huntsman, Secretary of the Commission, asked for approval from the Commission on the minutes of the meeting of June 14, 1978.

Commissioner Rothenberg motioned for approval. The motion was passed; all the Commissioners voting "aye".

Item 3a, Bay Corp. BART Restaurant. Chuck Vickers reported the construction had begun and that Phase II of the plans was passed by the Art Commission. George Lu will be responsible for the landscaping of the platform. He expects the project to be completed in November and the restaurant be ready for opening at that time.

Item 3b, request from Blue Shield. Cleopatra Vaughn, a representative from Blue Shield of California, requested a modification of Resolution 77-18 which provided for installation of 2-hour parking meters. She suggested converting the 2-hour meters into 8-hour meters for the benefit of the employees who rely on on-street parking in the area. Edward L. David, Acting Port Director, did not recommend modification. Commissioner Rothenberg suggested that Blue Shield talk with Warren Simmons regarding the use of his North Point Pier garage during the weekday. All the Commissioners supported the Acting Port Director's recommendation and agreed with Commissioner Rothenberg's suggestion.

Meeting of June 14, 1978

3c, request from street artists to set up stalls in front of Boudin Bakery and Carnation Company on Jefferson Street. Mr. Girardo, representing Boudin Bakery, and Mr. Bower, representing Carnation Company, objected to this request because they were concerned about the congestion, the litter, and the liability aspects the stalls would bring. The Acting Port Director recommended the request be denied. All the Commissioners supported his recommendation.

3d. The Moffat-Nichols report was held over for two weeks.

3e. The Acting Port Director requested authorization to negotiate an agreement with Ed Osgood, Intermodal Cargo Services, who wishes to have a foreign gift show. The staff recommended approval. Commissioner Morrison moved to grant authorization to enter into an agreement. All the Commissioners agreed.

Edward David ended the Executive Director's Report by reporting that he received a letter dated June 6 from Gilbert Boreman, Clerk of the Board of Supervisors, inquiring about the position of the Port Commission with regard to the bankruptcy proceedings. Mr. David answered the Supervisors' letter on June 13, 1978.

The Secretary of the Commission requested approval of the items listed under the Consent Calendar. On Item 5b, Commissioner Rothenberg and Commissioner Goldman suggested we bring someone in from the outside to put together the ideas from our Engineering Department and the other City agencies on the relocation of the Embarcadero.

Discussion followed.

All the items were approved in one group; all the Commissioners voting "aye".

Items 7, 10, and 14 were put over for two weeks.

Anthony Taormina, Deputy Port Director, requested approval of Item 6, the first draft of REQUEST FOR QUALIFICATION for Ferry Building/World Trade Center. Commissioner Goldman suggested we eliminate "World Trade Center" from the title of the RFQ; and Commissioner Rothenberg suggested that in order to make this more attractive to developers, we take care of all the necessary permits needed from the various regulatory agencies.

Further discussion followed.

Commissioner Morrison moved for approval of the RFQ with the amendments. It was passed; all the Commissioners voting "aye".

Item 8. Representatives from Foster and Kleiser and Eller Outdoor Advertising Company requested the San Francisco Port Commission to reverse the order of removal of billboards from the Northern Waterfront.

The staff recommended approval, allowing the large painted bulletins be removed no later than December 31, 1978, and all the poster panels north of the Ferry Building be removed no later than June 30, 1978.

Discussion followed.

Commissioner Jack Morrison requested a roll call vote. The motion was carried by a vote of three to one, Commissioner Morrison dissenting.

On Item 9, Mr. Mario Alioto representing Frank Alioto, requested that the San Francisco Port Commission renew a request made by Frank Alioto to amend the lease for a cabaret on Seawall Lot 301.

Discussion followed.

The Commission recommended that the staff change the amendment of the lease for a 30-year period and the percentage rate for alcoholic sales be raised to 10 percent. Also present to speak on this item were Tony Hall, sublessee, and his attorney, Harold Dobbs.

The item was put over for further discussion at a later date.

Item 11. The staff recommended rejecting all the proposals received on the Pier 56 marina development for reasons which developed since the proposals were solicited.

The Commission asked the staff to work together with Bethlehem Steel Corporation (who objects to the marina) and to be prepared to give a report on this matter at the next Commission meeting, June 28, 1978.

Item 12, approval for leasing space on the 2nd floor

of Pier 32 at the rate of 20¢ per square foot. The staff recommended approval because the subject space had been vacant for the past five years.

Discussion followed.

Commissioner Morrison moved for approval. The motion was passed, all the Commissioners voting "aye".

Item 13. The staff requested approval to negotiate a lease for the Delta King Riverboat. Mr. M.K. Sun, owner of the boat, asked that his lease be similar to that of the Fresno. Commissioner Rothenberg suggested the riverboat go to Pier 16.

Discussion followed.

Commissioner Morrison motioned that we negotiate a lease agreement. Commissioner Rothenberg seconded the motion and the item was passed, all the Commissioners voting "aye".

Item 15, assignment of agreement with Prudential Lines to Delta Lines. Commissioner Rothenberg motioned for approval. The motion was passed, all the Commissioners voting "aye".

Item 16. The staff recommended approval to construct a security fence between Piers 27-29.

Discussion followed.

Commissioner Goldman motioned for approval. The motion was passed, all the Commissioners voting "aye".

Item 17. The staff recommended approval of plans for dust control addition to the Grain Elevator.

Discussion followed.

Commissioner Goldman motioned for approval. Commissioner Rothenberg seconded the motion and it was passed, all the Commissioners voting "aye".

Item 18. The staff requested approval to take in bids for the installation of a telescopic spreader. The estimated cost of the spreader is \$80,000.

The item was approved; all the Commissioners voting "aye".

Meeting of June 14, 1978

Item 19, request approval to transfer Lease L-9304, Mario Beviacqua, Pier 9, to California Inland Pilots at Pier 9. Commissioner Rothenberg motioned for approval if California Inland Pilots agreed ONLY to assume the lease and come back for a new lease in five years.

Commissioner Morrison seconded the motion and passed, all the Commissioners voting "aye".

Item 20, License and Leases, were all approved in one group. All the Commissioners voting "aye".

There being no further business the meeting was adjourned at 12:20 p.m. Executive Session followed.

5
178
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SAN FRANCISCO PORT COMMISSION

Meeting of:
June 28, 1978
10 a.m.

Minutes

Next Meeting:
July 12, 1978
10 a.m.

The San Francisco Port Commission met this date in regular session at 10:05 a.m.

PRESENT: Commissioners Rudden, Bridges, Morrison,
Goldman and Rothenberg

ABSENT: None

ALSO PRESENT: Edward L. David, Acting Port Director
Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
Harry Thiemann, Commercial Property Manager
Julius E. Herren, Chief, Administration and Finance
Michael Cohen, Deputy City Attorney
James E. Huntsman, Secretary of the Commission

Item 2, Approval of the Minutes. The Secretary of the Commission requested approval of the minutes of the San Francisco Port Commission meeting of June 14, 1978.

Commissioner Goldman moved for approval of the minutes. The motion was passed; all the Commissioners voting "aye".

Item 3, Executive Report. The Acting Port Director requested approval of a supplemental appropriation asking that fire insurance proceeds be used for purchasing two container cranes, fly forks, and heavy lifts. The Board of Supervisors voted 10 to 1 in favor of the purchase. Resolution 78-6 would authorize the money from the fire insurance be used for the purchase of the cranes and lifts at Pier 96.

Commissioner Morrison moved for approval; Commissioner Goldman seconded the motion. The motion was passed; all the Commissioners voting "aye".

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Meeting of June 28, 1978
Page 2

The Acting Port Director reported the bankruptcy counsel is petitioning to have Pier 96 returned to the Port. Commissioner Goldman requested he be kept informed on any meetings between the Port Director and other steamship lines regarding the use of Pier 94/96.

The Acting Port Director asked the Port be allowed to use Pier 45 for public parking for the remainder of the summer. Mr. David talked with Colonel Roberts, Executive Director of BCDC. BCDC will issue an administrative permit to allow parking through September. The operator of the parking lot is to be Golden Gate Parking, operator of the adjacent parking lot. Income anticipated--\$50,000 to \$100,000.

Commissioner Morrison recommended we have a public hearing regarding this matter at the next regular Commission meeting. All the Commissioners approved the plan as a temporary measure.

Mr. David reported that a group of street artists requested they be put on the agenda for the next meeting of the Commission, July 12, 1978, concerning their desire to locate in the Fisherman's Wharf area. All the Commissioners approved.

Item 4, Finance and Administration Report. The Chief of Administration and Finance gave an update report on the Pacific Far East Line account.

Item 5, Consent Calendar. There were no items listed under the Consent Calendar.

Item 6, a report from Lester A. Hockney, Professional Engineer, Moffatt-Nichols Engineers. He was asked to analyze the studies from the Army Corps of Engineers and NORCAL.

Commissioner Morrison moved to authorize and direct the staff to prepare in 90 days a plan for the use of our maritime facilities that will allow us to handle and capture the potentials in the Moffatt and Nichols report. Commissioner Goldman suggested Hunters Point be included in the plan. Commissioner Bridges seconded the motion. It was passed; all the Commissioners voting "aye".

Item 7, Marina Development. The staff recommended rejecting all the proposals of a marina in the Central Basin area because of Bethlehem's objections.

Commissioner Morrison moved that Item 7 be put over for 90 days. The motion died for lack of a second.

Commissioner Goldman moved to accept the staff's recommendation to reject all proposals. Commissioner Bridges seconded the motion. Commissioner Morrison requested a roll call vote. The motion was carried four to one; Commissioner Morrison dissenting.

Item 8, Rental Rate Increase. The Commercial Property Manager recommended a rental rate increase effective August 1, 1978.

Commissioner Rothenberg asked that the item be put over for the next Commission meeting so that we could study all the rents. All the Commissioners agreed.

Item 9, Dike Protection. The Chief Engineer asked that the item be put over because no bids were submitted. All the Commissioners agreed.

Item 10 was put over for the next regular meeting.

Item 11, Building Applications and Inspection Fees. Commissioner Rothenberg requested this item be put over for the next Commission meeting so we could study the man power that goes into the service our Engineering Department provides. All the Commissioners agreed.

Item 12. The staff recommended approval of Licenses and Leases--L9869-L9877 inclusive. Commissioner Goldman suggested the staff prepare a policy on all temporary licenses and leases. This item was moved and seconded; all the Commissioners voting "aye".

Item 13, Consideration of Lease, Office Space, Pier 45-B, Harbor Tours Inc. Commissioner Rothenberg moved for approval. Commissioner Bridges seconded the motion. The item was passed; all the Commissioners voting "aye".

Meeting of June 28, 1978

Page 4

Item 14, Extension of D.L. Glaze Contract. The Administrative Services Officer requested approval of an extension of D.L. Glaze Company contract for an additional nine months for field investigation of claims against the Port.

The item was moved and seconded; all the Commissioners voting "aye".

Item 15, Appraisal of Seawall Lot 336. The Commercial Property Manager requested authorization to have Seawall Lot 336, Berry Street--between 2nd and 3rd Streets appraised for its market value.

Commissioner Morrison moved for approval and Commissioner Bridges seconded the motion. The item was passed; all the Commissioners voting "aye".

Item 16. Mr. Adolph Rempp, Jr. reported to the San Francisco Port Commission that his restaurant is near completion, but it would not be open for business on July 1, 1978 as scheduled. His new target date is August 15, 1978. Commissioner Goldman suggested that a \$100-a-day penalty be enforced if the restaurant is not open by this date. All the Commissioners agreed.

There being no further business the meeting was adjourned at 11:55 a.m. The Commissioners went into Executive Session to discuss personnel matters.

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SAN FRANCISCO PORT COMMISSION

Meeting of:
July 12, 1978

Next Meeting:
July 26, 1978

The San Francisco Port Commission met this date in regular session at 10:03 a.m.

PRESENT: Commissioners Rudden, Bridges, Morrison,
Goldman and Rothenberg

ABSENT: None

ALSO PRESENT: Edward L. David, Acting Port Director
Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
Harry Thiemann, Commercial Property Manager
Julius E. Herren, Chief, Administration and Finance
William P. Lynch, Deputy City Attorney
James E. Huntsman, Secretary of the Commission

Item 2--Approval of the Minutes. The Secretary of the Commission requested approval of the minutes of the San Francisco Port Commission meeting of June 28, 1978.

The minutes were approved; all the Commissioners voting "aye".

Item 3-- Executive Report. The Acting Port Director reported that MARAD had taken possession of three PFEL ships. MARAD will be asked to remove the ships from Pier 96.

Mr. David requested authorization to negotiate a license with Ms. Linda Collotti who wants to set up a flower stand around the Ferry Building and Golden Gate Ferry Terminal area.

Commissioner Bridges moved to support the proposal and Commissioner Morrison seconded the motion. The motion was passed; all the Commissioners voting "aye".

Item 4--Finance and Administration Report. The Chief of Finance and Administration reported that all the necessary records were given to Allstate Insurance Company to document PFEL's default on the \$200,000 security bond.

Item 5--Consent Calendar. Commissioner Morrison moved for approval of all the items listed under the Consent Calendar. Commissioner Goldman seconded the motion. The motion was passed; all the Commissioners voting "aye".

Item 6. The Commercial Property Manager requested an across-the-board 3% increase in rental rates to all month-to-month tenants except marine terminal occupants. Mr. Thiemann requested extra time to investigate and compare rental rates in other businesses in order to increase the rates for the month-to-month tenants who pay a percentage rental.

Commissioner Goldman moved for approval of a 3% rental rate increase. The motion was passed; all the Commissioners voting "aye".

Item 7. This item was put over until the meeting of August 9, 1978, in order to establish the costs of the Engineering services.

Item 8. Commissioner Morrison moved that the request from Thomas and Eva Fong for a 25-year lease for a sidewalk platform be denied. Commissioner Rothenberg seconded the motion. The motion was passed; all the Commissioners voting "aye".

Item 9. The staff recommended final approval for parking at Pier 45 beginning July 21 through September 30, 1978. The City Planning Commission objected to parking at Pier 45 without going through the normal conditional use permit process. According to the Deputy City Attorney, the Burton Act gives the responsibility to the Port Commission to manage the Port.

Commissioner Rothenberg moved we go ahead with the parking plans in order to begin generating revenue while City Planning has a hearing on the conditional use permit. Commissioner Bridges seconded the motion. The motion was passed; all the Commissioners voting "aye".

Item 10. The staff recommended approval of a lease with George Aposlolou and John Apostolou for a restaurant at Pier 1. The lease was previously approved in principle on January 12, 1977.

Commissioner Morrison moved to approve the lease. The motion was carried four to one; Commissioner Rothenberg dissenting.

Meeting of July 12, 1978

Page 3

Item 11. Mr. Ephraim Margolin representing the San Francisco Street Artists requested they be allowed to set up stands on Jefferson Street in front of Boudin Bakery and Carnation Company.

Commissioner Rothenberg moved that the Acting Port Director be authorized to grant the Street Artists' request provided a reasonable compensation is paid to the Port and the requested space does not interfere with existing tenants' leased areas. Commissioner Morrison requested a report at the next Commission meeting. The motion was passed; all the Commissioners voting "aye".

Item 12. The staff requested this item be held over until the next regular Commission meeting.

Item 13. The staff recommended approval to renew an agreement with Brinks, Inc., for an amount not to exceed \$7,500. This agreement would run concurrent to the City's contract with Brinks.

Commissioner Rothenberg moved for approval. The motion was approved; all the Commissioners voting "aye".

Item 14--Roundhouse Appraisal. Commissioner Rothenberg suggested that an appraisal of the Roundhouse be done at a later date. He moved that at the September meeting the staff give a report on relocating the Railroad to another location and the development possibilities for the Roundhouse properties. Commissioner Bridges seconded the motion. The motion was passed; all the Commissioners voting "aye".

Item 15--Approval of Licenses and Leases.

Commissioner Rothenberg moved approval. The motion was passed; all the Commissioners voting "aye".

The Commission approved the staff to calendar for the July 26 meeting a presentation by the San Francisco Chamber of Commerce and Lightspeed USA.

There being no further business, the meeting was adjourned at 11:55 a.m.

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SAN FRANCISCO PORT COMMISSION

Meeting of:
July 26, 1978

Minutes

Next Meeting:
August 9, 1978

The San Francisco Port Commission met this date in regular session at 10:00 a.m.

PRESENT: Commissioners Rudden, Bridges, Morrison,
Goldman and Rothenberg

ABSENT: None

ALSO PRESENT: Edward L. David, Acting Port Director
Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
Harry Thiemann, Commercial Property Manager
Julius E. Herren, Chief, Administration and Finance
William P. Lynch, Deputy City Attorney
James E. Huntsman, Secretary of the Commission

Item 2--Approval of the Minutes. The Secretary of the Commission requested approval of the minutes of the San Francisco Port Commission meeting of July 12, 1978.

Commissioner Goldman moved for the approval of the minutes and Commissioner Rothenberg seconded the motion. The motion passed, all the Commissioners voting "aye".

Item 3--Executive Report. At this time, the Acting Port Director introduced to the Commission Mr. Lynn Thompson, General Manager of Golden Gate National Recreation Area.

Mr. David reported that a petition had been filed with the bankruptcy court for the return of Pier 96 to the Port. Judge King ruled to hear the reorganization petition prior to ruling on the Port's request. Three PFEL ships have been moved to Hunters Point, and the remaining LASH ship at Pier 96 will be moved. The Acting Port Director reported that PFEL's

Meeting of July 26, 1978

Page 2

July rent has been paid, and their debt still outstanding is \$2.5 million.

Item 4--Finance and Administration Report. There was no report from the Chief of Administration and Finance.

Item 5--Consent Calendar. Commissioner Rothenberg moved for approval of all the items listed under the Consent Calendar. Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 6--Street Artists. The Acting Port Director reported that he met with a representative of the Street Artists to discuss their requests to set up stands on Jefferson Street and a reasonable compensation fee for the Port. He also reported that representatives from Boudin Bakery, Carnation Company, and F. Alioto Fish Company were present at this meeting to protest the Street Artists' stands in front of their leased areas.

Discussion followed.

The item was put over for the next regular Commission meeting.

Item 7. The Commercial Property Manager requested approval of percentage rental adjustments for certain tenants at various locations, effective September 1, 1978.

Commissioner Morrison moved for approval and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 8. Mr. Lex Byers, San Francisco Chamber of Commerce, made a presentation of a proposal from the Chamber to enhance the view from the Promenade and improve the visual impact of the San Francisco waterfront.

Discussion followed.

Item 9--Lightspeed USA. This item was passed to the end of the meeting.

Item 10. There were no licenses and leases for approval at this meeting.

Item 11 was put over for the next regular San Francisco Port Commission meeting.

Item 12. The staff recommended the San Francisco Port Commission find Peter Tranchina and San Francisco Energy Company in default of their lease at Pier 50 restaurant. Commissioner Goldman moved to accept the staff's recommendation and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 13. The staff recommended approval of a Standard Agreement with Gleason and Associates for advertising and promotion services in an amount not to exceed \$45,000 for fiscal year 1978-1979.

Commissioner Morrison moved for approval and Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 14. The staff recommended approval of a Standard Agreement with Peat, Marwick, Mitchell and Co. for finance and accounting assistance, in an amount not to exceed \$15,000.

Commissioner Morrison moved for approval and Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 15. The staff recommended approval of a Standard Agreement with Main LaFrentz to conduct the 1977-1978 financial audit in an amount not to exceed \$30,000. The Acting Port Director reported he has already talked with Mr. John Farrell, City Controller, who approves of the firm. The audit is to be completed by October 15, 1978. Commissioner Rothenberg moved for approval and Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Off Agenda--The Commercial Property Manager requested the San Francisco Port Commission authorize a commission payment in the amount of \$4,885.20 to Norman Impelmant Realty for services rendered. Mr. Impelmant, Broker, negotiated a 5-year lease between the Port and Lippert, Inc. for the upper level of Pier 32.

Commissioner Rothenberg moved for approval and Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

Meeting of July 26, 1978

Page 4

Off Agenda--The Commercial Property Manager reported on behalf of Central Development Company, a tenant of the Agriculture Building, that they have invested \$12,000 for the installation of data processing equipment and plan to invest another \$10,000 to \$14,000 more. The company is a month-to-month tenant and realizes that upon reasonable notice they must vacate the premises without protest.

Item 9. Mr. H. Juergen Bothe, Executive Vice President of Lightspeed USA, presented to the San Francisco Port Commission a proposal for the use of Pier 31 as the landing station for the "Skyrider Balloon System". The staff recommended disapproval of the proposal in its present form.

Commissioner Rudden suggested Mr. Bothe go back to the staff for further discussions.

There being no further business, the meeting was adjourned at 12:05 p.m. The Commissioners went into Executive Session.

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SAN FRANCISCO PORT COMMISSION

Meeting of:
August 9, 1978

Minutes

Next Meeting:
August 23, 1978

The San Francisco Port Commission met this date in regular session at 10:06 a.m.

PRESENT: Commissioners Rudden, Bridges, Morrison,
Goldman and Rothenberg

ABSENT: None

ALSO PRESENT: Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
Julius E. Herren, Chief, Administration and Finance
William P. Lynch, Deputy City Attorney
James E. Huntsman, Secretary to the Commission

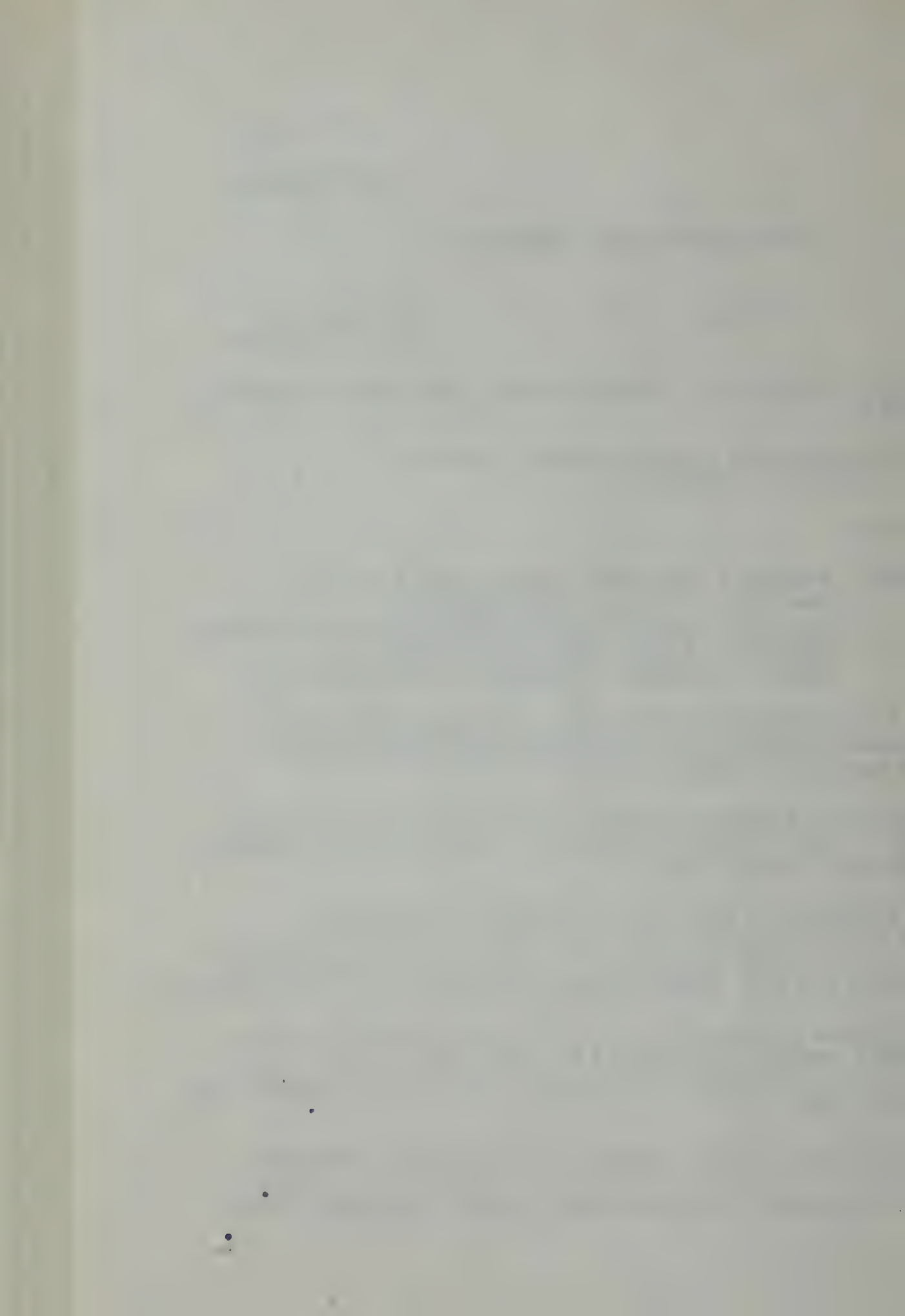
Item 2--Approval of the Minutes. The Secretary of the Commission requested approval of the minutes of the San Francisco Port Commission meeting of July 26, 1978.

Commissioner Rothenberg moved for approval of the minutes and Commissioner Bridges seconded the motion. The motion was passed, the Commissioners voting "aye".

Item 3--Executive Report by the Deputy Port Director. The Deputy Port Director reported that the Port has received approval from BCDC for the waterfront Promenade. Art Commission Phase II and Phase III approvals, the last administrative approval, are still pending.

Mr. Taormina reported that an ad has been running in the SAN FRANCISCO STREET JOURNAL inviting developers to come forward with qualifications for the Ferry Building development. Eighty-nine Request for Qualifications were sent out.

Report on Pier 40 fire (August 7, 1978) by Mr. Huntsman, Administrative Services Officer. At this time there is no formal report by the San Francisco Fire Department or the insurance carrier.



to tell the extent of the damage. The loss of rent from Pier 40 is negotiable with the carrier and depends on the length of time to replace the pier. Mr. Thiemann recommended the Port allow the tenants to remain in the undamaged part of the pier. The Deputy Port Director requested approval to cancel all licenses at Pier 40.

Commissioner Rothenberg moved to cancel the licenses at Pier 40 and Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

The Deputy Port Director requested authorization to return to Mr. George Lu a letter of credit of \$25,000. Commissioner Rothenberg moved to return the letter of credit of \$25,000 and Commissioner Morrison seconded the motion. The motion was passed, all the Commissioners voting "aye".

Commissioner Goldman requested a report on the restaurant given at the next regular Commission meeting.

Mr. Taormina introduced Mr. Peter Smith who requested Port Commission's permission to set up a stand for five days near Pier 45 to sell momentos of the EAGLE's visit to the Port of San Francisco. He will pay the Port \$60 a day in advance.

Commissioner Goldman moved to allow Mr. Smith to set up a stand. The motion was passed, all the Commissioners voting "aye".

The Deputy Port Director requested that Item 11 be put over for another regular San Francisco Port Commission meeting.

Item 4--Finance and Administration Report. Mr. Herren reported that Peat Marwick and Mitchell started the accounting study on Monday, August 7. Main-Lafrentz to start their audit on the following Monday. The \$200,000 security bond payment has been received from Allstate Insurance.

Item 5--Consent Calendar. Commissioner Goldman moved to approve all the items listed under the Consent Calendar. Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 6--Street Artists. The Deputy Port Director was directed by the Acting Port Director to offer \$1 a day per stand. Under the Burton Act, the Port Commission has the right to charge for the use of the sidewalk.

Mr. Giraudo, attorney for Boudin Bakery, reported that he, the other tenants involved, and Mr. Margolin, representing the street artists, have come to an agreement with eight terms

and conditions for the designated spots--no variations. Under the agreement the tenant does not want to be held liable for any incident that may occur in the street. Mr. Giraudo felt the Port should accept the responsibility since they are leasing the area. If the tenants' liability insurance premiums go up as a result of the street artists' presence, the Street Artists' Association will pay the increase. Mr. Alessandro Baccari representing the Fisherman's Wharf Merchants Association asked that the Port come up with an overall plan for street artists at Fisherman's Wharf.

Commissioner Morrison moved that the Port Commission allow the street artists, under the terms of the agreement between the Street Artists' Association and the tenants involved, to set up their stands at no cost with the provision that any increase in insurance fees be absorbed by the Street Artists' Association. Commissioner Goldman seconded the motion. Commissioner Rothenberg amended the motion to charge \$1 a day per stall for a two-month period. Commissioner Bridges seconded the motion for an amendment. Commissioner Rothenberg's amendment was passed. The motion as amended passed by a vote of four to one. Commissioners Rudden, Bridges, Goldman and Rothenberg voted "aye" and Commissioner Morrison voted "no".

Item 7--Charles Hall Page and Associates. Mr. Bruce Anderson, Charles Hall Page and Associates, reported that the Ferry Building guidelines suggests the direction a developer pursue. The guidelines were accepted by the Port Commission.

Item 8. Mr. Adolph Rempp, Jr. reported that he could not open his restaurant by August 15, 1978, because the Alcoholic Beverage Control Board had not yet granted him a liquor license. He asked that the San Francisco Port Commission waive the penalty of \$100 a day and grant another 30-day extension.

Commissioner Morrison moved to grant the extension and waive the penalty. Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 9--A presentation was given by Mr. Ed Osgood, Foreign Trade Services, Inc., for use of Piers 19 and 23 as an International Trade Mart. He requested that his present lease on Piers 19 and 23 be changed to a 30-year lease. The Deputy Port Director reported that the issue of a 30-year lease at Piers 19 and 23 was a policy matter for consideration by the Commission at this time.

The Commissioners asked the staff to study the proposal thoroughly and come back to the Commission with a recommendation indicating whether a term longer than 10 years but not to exceed 30 years may be acceptable.

Item 10--The staff requested approval of licenses and leases. Commissioner Goldman moved for approval and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 12--The staff requested approval to accept bids for a telescopic spreader for the Pier 80 Paceco crane and to award contract.

Commissioner Goldman moved for approval and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 13--Commissioner Rothenberg requested that Item 13, "change in use" to Intrepid Inc. license, be put over for the next regular Commission meeting.

Item 14--The staff requested approval of settlement claim of Maria Tateyama in the amount of \$2,750. Commissioner Goldman moved for approval and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 15--The staff requested approval from the San Francisco Port Commission to allow the Boondocks Restaurant, Pier 28, to add a small section to the existing building. The Tenant also requested a five-year lease with a five-year option.

Commissioner Rothenberg moved to approve the five-year lease and the extension to the existing building WITHOUT a five-year option. Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Off the agenda--The Administrative Services Officer requested confirmation on prior verbal approval of an emergency expenditure of--not to exceed--\$5,000 to defray miscellaneous costs in connection with the Pier 40 fire. Commissioner Goldman moved for confirmation on prior verbal approval and Commissioner Morrison seconded the motion. The motion was passed, all the Commissioners voting "aye".

There being no further business, the meeting was adjourned at 12:43 p.m. The Commissioners went into Executive Session.

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SAN FRANCISCO PORT COMMISSION

Meeting of:
September 6, 1978

Next Meeting:
September 13, 1978

Minute
The San Francisco Port Commission met this date in a special session at 10:05 a.m.

PRESENT: Commissioners Rudden, Bridges, Morrison,
Goldman and Rothenberg

ABSENT: None

ALSO PRESENT: Edward L. David, Acting Port Director
Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
Julius E. Herren, Chief, Administration and Finance
Ben Flores, Deputy City Attorney
James E. Huntsman, Secretary to the Commission

Item 2--Approval of the Minutes. The Secretary to the Commission requested approval of the minutes of the San Francisco Port Commission meeting of August 9, 1978.

Commissioner Rudden moved for approval and Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 3--Executive Report by the Acting Port Director. The Acting Port Director reported that Pier 96 was returned to the Port a week ago. Mr. David has had serious discussions with steamship lines regarding the utilization of Pier 96 and will keep the Commission informed on any progress.

The status report of the Bay Corp. Development (BART Plaza) (Item 6) will be put over for the next regular San Francisco Port Commission meeting.

Item 4--Finance and Administration Report. Main Lafrentz began their audit on August 18. The audit is moving along rapidly and will be completed by October 15.

Peat, Marwick and Mitchell have completed the first phase of the accounting survey. A report should be ready by the middle of next week.

Discussion followed.

Item 5--Consent Calendar. Approval was requested by the Secretary of the Commission for all the items listed under the Consent Calendar.

Commissioner Rothenberg moved for approval of the items listed under the Consent Calendar. The motion was passed, all the Commissioners voting "aye".

Item 7--Nine responses to the Port Commission's "Requests for Qualifications" have been received from developers. The Port staff requested 30 days to review the submissions. Mr. David will recommend a maximum of five firms at the September 27, 1978 Port Commission meeting. Commissioner Morrison moved to allow the staff 30 days to study the proposals. Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

The Deputy Port Director reported that the Union Ferry Depot (Ferry Building) had been approved at national level for listing in the National Register of Historic Places.

The Ferry Station Post Office Building (Agriculture Building) had been approved at the local level.

Item 8--The Commercial Property Manager requested authorization to hire an appraiser to appraise Seawall Lots 318 (Roundhouse property), 319, 320, 321 and 322-I. The appraisal is not to exceed \$5,000. Commissioner Morrison moved for approval. The motion was passed, all the Commissioners voting "aye".

Item 9--The Deputy Port Director reported that the Port staff prepared RULES AND REGULATIONS OF THE SAN FRANCISCO MARINA SMALL CRAFT HARBOR. The Rules and Regulations will be distributed among small craft boat owners at Fisherman's Wharf and a public hearing will follow within 30 days. At that time, the staff will request adoption

of the Rules and Regulations by the San Francisco Port Commission. Commissioner Rothenberg suggested that the Port staff help Fisherman's Wharf merchants by coming up with a plan to alleviate the current traffic congestion.

Item 10--The Administrative Services Officer reported that a tugboat crashed into the apron at Pier 27 on August 20, damaging the fenderlines and pilings in an estimated amount of \$20,000. A claim will be made against the owner of the tugboat. Mr. Huntsman requested an emergency expenditure not to exceed \$20,000 effective immediately. Commissioner Rothenberg moved for approval of the expenditure and Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 11--The Chief Engineer requested approval to take bids for the removal of the shed at Pier 54. Commissioner Morrison moved for approval and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 12--A recent audit revealed that F. Alioto Fish Ltd., a restaurant, has been subleasing to F. Alioto Company, a gift shop. The Commercial Property Manager requested authorization to make an amendment to the F. Alioto lease showing that they have a subtenant. The \$100 charge for the amendment was waived. Commissioner Morrison moved to make the amendment to the lease and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

There being no further business, the meeting was adjourned at 11:10 a.m. The Commissioners went into Executive Session to continue the selection process for the position of Port Director.

3-18

SAN FRANCISCO PORT COMMISSION

Meeting of:
September 13, 1978

Minutes

Next Meeting:
September 27, 1978

The San Francisco Port Commission met this date in regular session at 10:05 a.m.

PRESENT: Commissioners Rudden, Bridges, Morrison,
Goldman and Rothenberg

ABSENT: None

ALSO PRESENT: Edward L. David, Acting Port Director
Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
Julius E. Herren, Chief, Administration and Finance
William P. Lynch, Deputy City Attorney
James E. Huntsman, Secretary to the Commission

Item 2--Approval of the Minutes. The Secretary to the Commission requested approval of the minutes of the San Francisco Port Commission meeting of September 6, 1978 be put over for the next regular Commission meeting.

Commissioner Morrison moved for approval. The motion was passed, all the Commissioners voting "aye".

Item 3--Executive Report. The Acting Port Director reported that the Dolphin P. Rempp restaurant at Pier 44 will not be opening on September 15 as scheduled. Mr. Rempp anticipates opening some time in October. Because they have already been allowed two 30-day extensions, Commissioner Rothenberg moved that the San Francisco Port Commission penalize the Dolphin P. Rempp \$100 a day effective September 16 until the restaurant is open.

Commissioner Morrison seconded the motion. The motion was passed, all the Commissioners voting "aye".

The Chief Engineer reported the structural drawings for the Bay Corporation development were being checked by the Engineering Department. Mr. Lu is updating the work schedule. Mr. Vickers said the main elements should be completed in January. Commissioner Goldman suggested the Port staff come up with something to stimulate faster activity. The Commission asked that our Deputy City Attorney review the lease to see if the Port could increase the percentage rates and the staff come back with a recommendation of an opening date.

Mr. David reported that other California ports place a head tax on passenger vessels that call on their port. He will report further on this matter at the next regular Commission meeting.

The staff recommendation on the amendment to the Foreign Trade Zone lease was put over for the next regular Commission meeting.

The responses to the Port Commission's "Requests for Qualifications" are being reviewed by the Port staff. Mr. David will make his recommendation on a maximum of five developers at the next regular San Francisco Port Commission meeting.

Item 4. There was no Finance and Administration report.

Item 5--Consent Calendar. Commissioner Bridges moved that the licenses and leases under the Consent Calendar be approved. The motion was passed, all the Commissioners voting "aye".

Item 6--Harbor Tours, Inc. The staff requested approval of an amendment to the lease of Harbor Tours at Pier 43-1/2 and Harbor Carriers at Pier 41. Because the amendment was approved in July, 1976, by Commissioners Rudden, Arnold, Bridges, Morrison, and Vannelli the staff recommended approval of the lease in its final form.

Discussion followed. (For more details, see the attached verbatim).

Commissioner Bridges moved to approve the amendment as it was approved in July of 1976 together with the two new provisions the tenant wished to add to the lease. Commissioner Morrison seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 7. The International Trade Mart Proposal was put over for the next regular San Francisco Port Commission meeting.

Item 8--Status report on Pier 40 fire, August 7, 1978. The Port has received an official report from the San Francisco Fire Department. In their opinion, the fire was probably initiated by an abandoned or discarded cigarette or smoking material which blew or rolled under the door of the Ant Farm, one of the tenants of the pier. Preliminary negotiations with the insurance adjusters have begun.

The Engineering Department carries in its books the replacement cost for each Port facility. This is up dated every year. Commissioners Goldman and Rothenberg requested the staff find out the cost to replace the pier at market value.

Item 9--Approval of maintenance projects. The Chief Engineer requested approval of maintenance projects for sub-structure work to be done during fiscal year 1978-1979. These projects have been included in the budget and are being brought before the Commission for approval because each exceeds \$10,000.

Discussion followed.

Commissioner Morrison moved to approve the maintenance work and Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 10. The Commercial Property Manager requested approval for a "change in use" under License to Use Space No. 9449, Intrepid, Inc., at Pier 54 bulkhead. The licensee plans use the space lot for the storage of boats and trailers paying a minimum rent of \$498 per month against 20% of the gross receipts from storage and 10% of gross receipts from sales. The tenant has liability insurance.

Commissioner Rothenberg moved to approve the "change in use" to the Intrepid Inc. license. Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

Off the agenda--Administrative Resolution 108-79. Mr. Huntsman requested approval of Administrative Resolution 108-79 to fund a Standard Agreement with Logue Electric Company to maintain the cranes at Pier 96 and to train Port personnel. Logue Electric Company maintained the cranes for Pacific Far East Line.

Meeting of September 13, 1978

Page 4

Commissioner Morrison moved to approve the Administrative Resolution not to exceed \$10,000 and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

There being no further business, the meeting was adjourned at 11:27 a.m. Executive Session followed.

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SAN FRANCISCO PORT COMMISSION

Meeting of:
October 12, 1978
9 a.m.

Next Meeting:
October 25, 1978

The San Francisco Port Commission met this date in a special meeting at 9:05 a.m.

PRESENT: Commissioners Rudden, Bridges, Morrison,
Goldman and Rothenberg

ABSENT: None

ALSO PRESENT: Edward L. David, Port Director
Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
William P. Lynch, Deputy City Attorney
James E. Huntsman, Secretary to the Commission

Commissioner Rudden congratulated Mr. David on his nomination as Port Director on October 4, 1978.

Item 2--Approval of the Minutes. The Secretary to the Commission requested approval of the minutes of the San Francisco Port Commission meetings of September 6 and September 13, 1978.

Commissioner Bridges moved to approve the minutes. The motion was passed, all the Commissioners voting "aye".

Item 3--Executive Report by the Port Director. Mr. David reported the Port received nine responses to the Commission's "Requests for Qualifications" on or before August 31, 1978. Two were received after August 31, 1978. After carefully reviewing all the submissions, the staff recommended Continental Development Corporation and The Rouse Company. The two developers will be contacted and asked to submit their proposals (RFP) for the Ferry Building.

Mr. William Cullen, William E. Cullen AIA, requested the proposal phase be opened to other developers.

Discussion followed.

Mr. David recommended we not open the proposal phase and proceed with the next step.

The Port Director reported receiving a letter from Mr. Joseph Tarantino, Bell Smoke Fish Company, requesting Jefferson and Beach Streets be made one-way streets.

The Chief Engineer has been attending the Traffic Department Committee meetings regarding this matter. A letter from the Port Director pressing the urgency of the matter will be sent out.

The Deputy Port Director will be meeting with staff members of the Fire Department to discuss what the Port will do for fire protection. A resolution trying to coordinate the activities of the two departments will be brought back to the Commission.

The Head Tax report and the proposed amendment to the Foreign Trade Zone lease will be put over for the next regular San Francisco Port Commission meeting.

Following the Port Commission meeting, the Commission will go into Executive session with the Port Director to discuss the fireboat Phoenix.

Item 4--Finance and Administration Report by the Deputy Port Director. Mr. Taormina gave an up-to-date report on the meetings between staff members of the Port and Peat, Marwick and Mitchell. On October 1, 1978, Standard Agreement 1110 was modified to provide for three specific action steps stemming out of the initial Phase I of the contract. Peat Marwick and Mitchell suggested the FIRM system for the Port's Accounting Department. They have been very helpful with the gradual conversion to this system. Mr. Tom Allen, Peat Marwick and Mitchell, reported that they will outline alternatives for the Port to choose from after the calendar year.

Commissioner Morrison moved to approve the FIRM conversion and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Due to the recent conversion to the FIRM program in the City, the 1979-1980 Budget will be submitted to the Port Commission at its December 13, 1978 meeting.

Item 5--Consent Calendar. Commissioner Rothenberg requested Item 5c, Licenses and Leases, be removed from the Consent Calendar for separate discussion and become Item 19. Commissioner Morrison moved that the item be removed as requested and Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 19--Licenses and Leases. Discussion followed regarding T-10165, T-10166, T-10171 and 10169.

Commissioner Rothenberg moved to approve the items listed under the Consent Calendar and Item 19. The motion was passed, all the Commissioners voting "aye".

Item 6. Ninety days ago the San Francisco Port Commission requested that the Port staff provide the Commission with a maritime program. The Port Director requested this item be put over for the next regular Commission meeting. Commissioner Morrison suggested the staff prepare a written report on the maritime program for the public.

All the Commissioners agreed to put Item 6 over.

Item 7. Approval of supplemental appropriation to the 1978-1979 Budget in the amount of \$351,911 to provide funding for Public Employees Retirement System increases.

Commissioner Rothenberg moved for approval. The motion was passed, all the Commissioners voting "aye".

Item 8--Request approval to increase Port fees in accordance with the Department of Public Works' fee schedule. Mr. Taormina recommended the Port maintain its building fees at the same level of the Department of Public Works and charge other governmental agencies, which will bring the Port another \$8,000 in revenue.

Commissioner Rothenberg moved for approval, and Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 9a. On September 25th, a bid was received from E. Mitchell, Inc. for the alteration of Pier 46B.

Commissioner Morrison moved to accept the bid, Contract No. 2489 for the lump sum price of \$499,658, and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 9b--Pier 54 demolition. The staff requested approval to accept the bid from Ferma Corporation at the lump sum price of \$16,993, Contract No. 2490, for the removal of the shed at Pier 54.

Discussion followed regarding other uses for Pier 54.

Commissioner Morrison moved to accept the bid. Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 10--BJW Associates. Mr. Gerson Bakar, BJW Associates, presented to the San Francisco Port Commission a proposal for the Levi Strauss Headquarters which involves the use of some property on the northern waterfront--Seawall Lots 319 and 313. Commissioner Rothenberg suggested the staff find out the fair market value of the lots and also consider bringing in outside expertise for counseling when negotiating real estate.

Item 11. The staff requested approval to consider an amendment to Lease No. L-9650 to add additional area (600 sq.ft.) in Pier 9. The rental increase will be \$50 a month, including rent review at the end of each year of the term.

Commissioner Bridges moved to approve the amendment and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 12. The staff requested approval to consider a request from Don Lynch to transfer Lease No. L-9310 for space in Pier 9 to Waterfront Automobili a partnership composed of Young C. Gray and Johannes Huwyler.

Commissioner Rothenberg moved to approve the request and Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 13--Consideration of request from Kaiser Cement and Gypsum Corporation to sub-rent the area under their License to Use Space No. 9460 at Pier 86 to B-P North America, Inc. The staff recommended approval, subject to Kaiser not charging B-P North America, Inc. any more rent than it pays the Port.

Commissioner Rothenberg moved to approve the request. The motion was passed, all the Commissioners voting "aye".

Item 14--Parking at Pier 45. Mr. Larry Martin, President of the Transport Union and Mr. Warren Simmons, Pier 39, appeared before the Commission requesting that Pier 45 continue to be used for parking until November 15, 1978.

Commissioner Goldman moved to extend the use of Pier 45, Sheds A, B, and C for parking through December 31, 1978. Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 15. The Powell River-Alberni Sales Corporation requested permission to install a sprinkler system at Pier 15/17 at a cost not to exceed \$350,000 and is willing to finance the cost of the installation but requests the Port contribute up to one-half the expense of the improvement. In order to amortize the cost of installation, the tenant further requested the option to extend the terms of the lease for up to five years.

Commissioner Rothenberg moved to permit the installation of the sprinkler system but the Port have the option to buy out the amortization at the end of the lease period. The motion was passed, all the Commissioners voting "aye".

Item 16. At the September 12, 1978 meeting of the San Francisco Port Commission, the Commission voted to approve the lease amendment to the Harbor Carriers lease as it was approved in July, 1976. Because two provisions were added at the meeting of September 12, Commissioner Rothenberg requested the Commission rescind the action of the last meeting and let the agreement of July, 1976 stand as it was until the next meeting.

Commissioner Morrison moved to rescind and Commissioner Goldman seconded the motion. Commissioners Bridges and Rudden suggested their be no vote until the next meeting when Mr. Al Elledge would be present. A roll call vote followed.

Commissioners Morrison, Goldman and Rothenberg voted "aye". Commissioners Rudden and Bridges voted "no".

Because a two-thirds' vote is required to rescind a previous action, the motion was not passed and the lease discussion was put over for the next regular Commission meeting.

Item 17. The staff requested an amendment to the Harbor Traffic Code to provide exclusive transit area and to prohibit parking on the street on the Embarcadero Roadway between Bay and Powell Streets.

Commissioner Goldman moved for approval and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 18. The staff requested authorization to issue an "Use Permit" to the Redevelopment Agency to Cargo Way.

Commissioner Goldman moved for approval and Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

There being no further business, the meeting was adjourned at 12:15 p.m. Executive Session followed to discuss the fireboat.

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SAN FRANCISCO PORT COMMISSION

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Meeting of:
October 25, 1978
10 a.m.

Next Meeting:
November 8, 1978

The San Francisco Port Commission met this date in a regular meeting at 10:03 a.m.

PRESENT: Commissioners Bridges, Morrison, Goldman
and Rothenberg

ABSENT: Commissioner Rudden

ALSO PRESENT: Edward L. David, Port Director
Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
Donald C. Boyd, Director of Maritime Affairs
William P. Lynch, Deputy City Attorney
James E. Huntsman, Secretary to the Commission

Item 2--Approval of the Minutes. The Secretary to the Commission requested approval of the minutes of the special meeting of October 12, 1978.

Commissioner Goldman moved approval of the minutes with the following amendment:

"Item 10--BJW Associates. 'Commissioner Goldman excused himself from the convened Commission and took a seat with the audience prior to discussion.'"

Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

The Port Director requested Item 8 be presented first.

Item 8--Passenger Head Tax report by Mr. Donald Boyd. The Director of Maritime Affairs requested the Commission's approval to assess a "Passenger Head Tax" of \$3 on each passenger embarking or disembarking at the Port of San Francisco. This item would be added to the Port of San Francisco Tariff 3-C.

Discussion followed.

Mr. Ron Lord, General Manager of Pacific Cruise Conference, suggested that if such a tax were to be assessed by the Port the proceeds go toward improving the passenger facilities; otherwise, the tax would be in violation of the 1916 Shipping Act. Mr. Lord requested the matter be tabled until a study has been conducted with the cruise lines who serve the Port of San Francisco.

Commissioner Goldman moved that the tax be \$5 effective January 1, 1979, comply with the legal requirements, monies collected be maintained in a fund for the improvement of the passenger facilities, and a special meeting be held between the Port Director and the cruise lines.

Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Further discussion followed.

Commissioner Goldman amended his previous motion by including the following:

- 1) The effective date be March 1, 1979 instead of January 1, 1979,
- 2) The tax comply with the legal requirements,
- 3) The tax be \$5 instead of \$3,
- 4) The monies collected go into a special fund for the improvement of the passenger facilities,
- 5) All the above be subject to further discussions with the cruise lines represented by Mr. Lord.

Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 3--Executive Report by the Port Director. Mr. David introduced to the Commission the members of the Grand Jury's Port Committee.

Item 4--Finance and Administration Report. The report was omitted at this meeting.

Item 5--Consent Calendar. Commissioner Rothenberg moved to approve all the items under the Consent Calendar. Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

At this time, Mr. James Herman of the International Longshoremen's and Warehousemen's Union suggested the Port Commission come up with a special percentage rental rate for the small breakfast/lunch restaurants north of Pier 24.

Item 6--Reconsideration of the Harbor Carriers' lease. When the Commission voted on this matter at the meeting of September 13, 1978, Mr. Lynch asked the Commission to move on three amendments to the 1976 lease (previously approved by the Commission in 1976). The amendments included a minor clarification on what happens to the Golden Hinde when the lease ends, a clarification on "maritime uses", and a change in the Consumer Price Index. Because the Consumer Price Index was changed two days prior to the meeting of September 13, 1978, the Commission did not realize they were not voting on the lease amendments of July, 1976. The Commission had the right to rescind their action of September 13, 1978 because it was not given a copy or outline of the lease.

Commissioner Rothenberg moved to approve the amendments as given by the staff with an alternate Page 5 (original CPI) and delete three words at the top of Page 12 ("the" and "minimum rental"). Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 7--Maritime Strategy Report. Mr. David reported that the strategy report was prompted by Commissioner Morrison's request of 90 days ago to develop a maritime plan, a resolution coordinated with the Mayor's Office suggesting development of the central waterfront, and a letter from Mr. Toby Rosenblatt, chairman of the Northeastern Waterfront Advisory Committee, requesting the Port's opinion on maritime piers.

Discussion followed.

Since the Commission was deadlocked with respect to maritime piers, Commissioner Rothenberg moved that the staff prepare a letter asking NEWAC for two alternatives with respect to the maritime piers. Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 9--International Trade Mart. Mr. Taormina reported that Mr. Ed Osgood was requesting an extension of his present lease at Piers 19 and 23 from June 30, 1987 to June 30, 2007. The general terms and conditions of the October 20 memorandum to the Commission suggested that no lease be signed with Mr. Osgood until evidence of financing has been secured and all the necessary permits and environmental assessment have been completed. At this time a letter of agreement would be necessary from the San Francisco Port Commission in order to assist Mr. Osgood secure financing.

Commissioner Rothenberg moved that the matter be tabled for two weeks until the next Commission meeting. Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 10--Final approval of lease with Boondocks. The staff requested final approval of a five-year lease with Boondocks Restaurant, which was approved on August 9, 1978. The five-year lease does not contain an option or allow amortization.

Commissioner Rothenberg moved to approve the final lease. The motion was passed, all the Commissioners voting "aye".

Item 11--Consideration of a short-term lease with Lightspeed USA. The staff recommended disapproval of a lease concept for Lightspeed USA relating to the use of the bulkhead between Piers 31 and 33.

Commissioner Goldman moved to go along with the staff's recommendation and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 12--Bekins Van and Storage. The Port Director requested this item be put over for the next regular Commission meeting. Commissioner Morrison moved to put the item over. The motion was passed, all the Commissioners voting "aye".

Commissioner Rothenberg requested the staff report at the next meeting on the occupancies at Pier 46B and the compatibility with our Maintenance Department.

Item 13. The staff requested approval to have the City Purchasing Department take bids on microfilming the Port's Engineering records and to authorize the purchase of related equipment. The estimated cost is \$8,500.

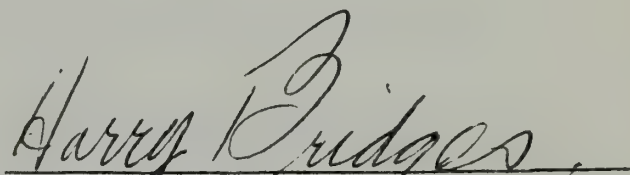
Commissioner Rothenberg moved to authorize the expenditure. The motion was passed, all the Commissioners voting "aye".

Before adjournment, Commissioner Rothenberg recommended a resolution be prepared creating the position of Vice President of the Commission and an election be held at the first meeting of the Commission in December, 1978.

There being no further business, the meeting was adjourned at 12:40 p.m. Executive Session followed.

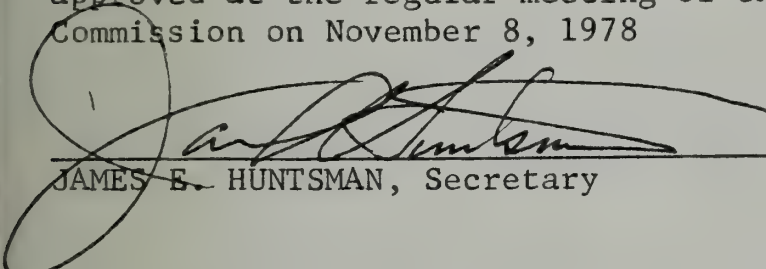
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APPROVED:


HARRY BRIDGES, Acting President
San Francisco Port Commission

CERTIFICATE

I certify that the minutes of the Regular Meeting of the San Francisco Port Commission on October 25, 1978 contained herein were approved at the regular meeting of that Commission on November 8, 1978


JAMES E. HUNTSMAN, Secretary

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SAN FRANCISCO PORT COMMISSION

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Meeting of:
November 22, 1978
10 a.m.

Next Meeting:
December 13, 1978

The San Francisco Port Commission met this date in a regular meeting at 10:13 a.m.

PRESENT: Commissioners Rudden, Bridges, and Morrison

ABSENT: Commissioners Goldman and Rothenberg

ALSO PRESENT: Edward L. David, Port Director
Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
William P. Lynch, Deputy City Attorney
Harry Thiemann, Commercial Property Manager
James E. Huntsman, Secretary to the Commission

Item 2--Approval of the Minutes. Approval of the minutes of the meeting of November 8th was put over.

Item 3--Executive Director's Report. The annual budget for the next fiscal year must be in the Mayor's Office by January 15, 1979. The budget will be presented at the Commission meeting of December 13th for review, and approval will be requested on January 10, 1979.

Mr. David reported that Commissioner Goldman requested the meeting of December 27th be rescheduled. Mr. David suggested the meeting be cancelled because of the holidays.

Commissioner Morrison moved to cancel the meeting of December 27th and Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

The Port Director requested the Commission pass an Administrative Resolution to hire Mr. Thomas K. Yerkes as our Director of Finance and Administration commencing November 28, 1978 through June 30, 1979. The sum not to exceed \$23,900.

Commissioner Morrison moved to approve the expenditure to hire Mr. Yerkes. Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

At the previous regular meeting of the Commission, the Commission approved the demolition of the Pier 54 shed building which will commence on December 4, 1978. Mr. Bert Farber, tenant of the Pier 54 Restaurant, requested the Commission allow him to retain the adjoining shed to improve and expand his restaurant. He has been at this site for five years. The staff recommended the Commission allow them to continue studying this matter and allow the Deputy City Attorney to draft a lease prior to December 4th.

Commissioner Bridges moved to allow the staff to continue studying this matter. Commissioner Morrison seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 3--Foreign Trade Zone lease amendment. In a memorandum to the Commission dated October 20, 1978, the Deputy Port Director established general terms and conditions for preparing an amendment to Mr. Osgood's lease at Piers 19 and 23. (At this time the Port Director distributed a letter from Commissioner Rothenberg, absent from the Commission meeting, stating his reasons for opposing Mr. Osgood's project.)

Discussion followed.

The staff recommended the City Attorney's Office draft a narrow, iron-clad lease, per Commissioner Rothenberg's recommendation, guaranteeing the piers be utilized as a Foreign Trade Zone (the activities of a Foreign Trade Zone are restricted by the Department of Commerce, United States Customs Service, and the Foreign Trade Zone Board) and include the terms and general conditions listed in the memorandum of October 20th.

A letter from the Port Director will be necessary to receive approval from the City Planning Commission and get an Environmental Impact Report.

Commissioner Morrison moved to have the lease amendments drafted and Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 4--The staff requested approval to modify the agreement between the City and the Port to remove the railroad tracks going into Piers 36 and 38. Mr. David stated the tracks have not been utilized for years.

Commissioner Bridges moved to have the tracks removed and Commissioner Morrison seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 5--The Port Director requested Item 5, consideration of a lease with Bekins Van and Storage, be put over.

Commissioner Bridges moved to put over Item 5 and Commissioner Morrison seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 6--Modification of Service Agreement 1098. The staff requested approval to modify Service Agreement 1098 for \$30,000, to be funded by the EDA Waterfront Facilities Grant. Calculations for the cost of the work were based upon the scope of the work and the time schedule. Due to a change of scope, design revisions, and additional meetings with various agencies the modification of the agreement is necessary.

Commissioner Morrison moved to approve the modification to Service Agreement 1098 and Commissioner Bridges seconded the motion. The motion was passed, all the Commissioners voting "aye".

Off the agenda

Item 7--The staff requested authorization to settle a claim by Transpacific Transportation for \$3,750 against the Port. Mr. Lynch recommended the Port settle for \$1,500.

Commissioner Bridges moved to settle for \$1,500 and Commissioner Morrison seconded the motion. The motion was passed, all the Commissioners voting "aye".

Meeting of November 22, 1978

Page 4

Item 8--Mr. James Huntsman requested the Port Commission authorize him to instruct Mund McLaurin (analyst) to prepare insurance specifications for the meeting of December 13th. He recommended the Port go out to bid in the near future.

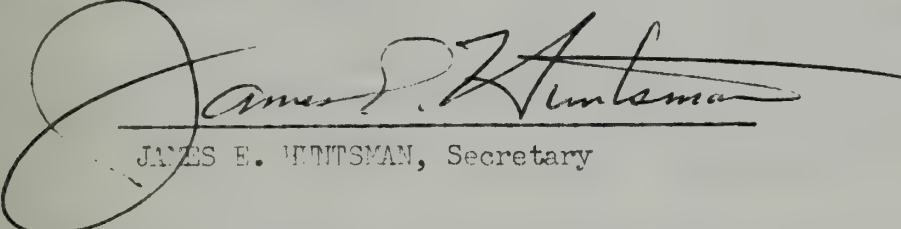
All the Commissioners approved he get the insurance specifications from Mund McLaurin.

There being no further business, the meeting was adjourned at 11:15 a.m.

Executive Session followed.

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APPROVED: Regular Meeting, San Francisco Port Commission
December 13, 1978



JAMES E. HUNTSMAN, Secretary

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SAN FRANCISCO PORT COMMISSION

Meeting of:
December 13, 1978
10 a.m.

Next Meeting:
January 10, 1979

Minutes
The San Francisco Port Commission met this date in a regular meeting at 10:05 a.m.

PRESENT: Commissioners Rudden, Morrison, Goldman
and Rothenberg

ABSENT: Commissioner Bridges

ALSO PRESENT: Edward L. David, Port Director
Anthony J. Taormina, Deputy Port Director
Charles L. Vickers, Chief Engineer
Thomas K. Yerkes, Director, Finance and Administration
Harry Thiemann, Commercial Property Manager
William P. Lynch, Deputy City Attorney
James E. Huntsman, Secretary to the Commission

Item 2--Approval of the Minutes. The Secretary to the Commission requested approval of the minutes of the regular meeting of November 22, 1978.

All the Commissioners approved.

Item 3--Executive Director's Report. The Port Director reported having received a letter from the Telegraph Hill Dwellers Association stating disapproval ^{of} an amendment to Warren Simmons' lease for a breakwater extension. No action was taken on the breakwater.

Mr. David reported also having received a letter from the steamship lines utilizing Pier 35's passenger facilities. The lines expressed an interest in the 20,000 square feet of space currently leased to Mr. Warren Simmons in Pier 35. They will go along with the proposed head tax as long as the monies are used for the improvements of Pier 35. The Deputy City Attorney advised the head tax funds be collected for a specific facility.

Mr. David introduced Mr. Thomas K. Yerkes, the Port's new Director of Finance and Administration. Mr. Yerkes reported on the status of the preliminary budget for fiscal year 1979-1980.

Discussion followed.

The Budget must be in the Mayor's Office on January 15, 1979. The staff will request the Commission's approval of the Budget on January 10, 1979.

Item 5--Consent Calendar. Commissioner Morrison moved to approve all the items listed under the Consent Calendar and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 6--Use of Seawall Lots 335 and 336 by Bekins Van and Storage. Mr. David met with Mr. Joe Holsinger who requested this item be put over for the first meeting in January. All the Commissioners agreed to put the item over.

Item 7. The Deputy Port Director requested the Commission adopt the Rules and Regulations for Berthing at Fisherman's Wharf.

Commissioner Rothenberg moved to adopt the Rules and Regulations and Commissioner Morrison seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 8--Amendment to United Shellfish lease. At its meeting of November 8, 1978, the Commission directed the Port staff to draft an amendment to the United Shellfish Company Lease No. 1. The amendment would increase the leased area by approximately 825 square feet and increase the monthly rental from \$326 to \$451. Several berth holders objected to the extension because they would have to be relocated. The Port reserves the right to relocate berth holders (licensee).

Commissioner Morrison moved for approval of the amendment and Commissioner Goldman seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 9--Port Liability Insurance. The City recommended we go out for bids. Commissioner Goldman suggested the Port approach brokers to find out what market they will handle. He was advised by Mr. Huntsman that the procedure would be illegal, according to Mrs. Ora Scheel, insurance analyst, Mund-McLaurin.

All the Commissioners approved the Port go out for bids and have Mrs. Scheel contact Commissioner Goldman.

Item 10. Commissioner Morrison moved for approval of Contract No. 2472, protective coating of steel deck beams at Pier 70. Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 11. Commissioner Morrison moved for approval of the plans and specifications for end wall repair at Pier 80 Sheds A and B and authorize the staff to solicit bids for Contract No. 2473.

Item 12. The staff requested authorization to solicit bids for Contract No. 2483 for custodial services. The custodial services would cover the Ferry Building, Agriculture Building, Pier 3 and Pier 9.

Commissioner Goldman moved to solicit bids for custodial services and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 13--Repair to power mast crane No. 4 at Pier 96. Commissioner Goldman moved to review the bids received on Contract No. 2491 and Commissioner Rothenberg seconded the motion. The motion was passed, all the Commissioners voting "aye".

Item 14--Removal of Piers 18, 20 and 22. Commissioner Rothenberg moved for approval of Contract No. 2467. The motion was passed, all the Commissioners voting "aye".

Item 15. Commissioner Morrison moved to allow Lippert, Inc. to sublease two small offices to Allied Artists Pictures Corporation at Pier 32.

Item 16. Commissioner Rothenberg moved for approval of the Licenses and Leases. The motion was passed, all the Commissioners voting "aye".

Item 17. Commissioner Rothenberg moved to approve the transfer of Pier 50 Restaurant from Peter Tranchina et al to Robert B. Whaley. The motion was passed, all the Commissioners voting "aye".

Item 18--Powell River-Alberni Sales Corporation lease amendment. The Commission approved the lease amendment and directed the Port Director to waive the Port's right to the title of the sprinkler system pursuant to Paragraph 16 of the lease. All the Commissioners voted "aye".

The election of officers will be held on January 24, 1979.

Commissioner Morrison requested the subject of Hyde Street Pier development re Mr. Robert Taylor be put on the calendar for a hearing in January.

There being no further business, Commissioner Goldman moved to adjourn the meeting at 11:15 in memory of the late Mayor George Moscone and Supervisor Harvey Milk who encouraged the Port to move forward.

Executive Session followed.

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